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NEWS SUMMARY

Bomb blast rocks RAF centre

AN RAF administrative and training centre in Uxbridge, West London, was rocked last night whe na bomb exploded in the stairwell of a barrack block.

Anti-terrorist squad officers went to the centre, in Hillingdon Lane. There were understood to be no casualties, and the extent of the damage was not known.

The bomb was discovered by Ministry of Defence police. It was surrounded by four barrels of petrol, but these were moved away before the explosion.

Ambulances and fire engines spend to the scene, causing huge rush-hour traffic jams nearby.

The fire brigade said it feared more devices might be in the area of the explosion.

The Defence Ministry said Uxbridge had a few hundred personnel.

● The Scottish Socialist Republican League claimed responsibility for the package bomb sent to Mrs. Thatcher on Wednesday, said Scotland Yard.

The bomb, which police said was 'simple but dangerous,' was intercepted at a West London sorting office.

GENERAL

New powers urged for police

The Royal Commission on Criminal Procedure recommended wide-ranging extensions of police powers of arrest, search and detention in its findings published yesterday.

The civil rights lobby's main victory was a recommendation that suspects and defendants should retain their absolute right to silence both in police detention and at trial. Back Page 7. Editorial Comment, Page 16

Seamen's action

Seamen's leaders meet today to formulate plans for industrial action which will fall little short of a national strike from next Monday. Back Page

EEC row

Relations between several members of the new European Commission look like being severely strained after a row between the British and Irish Commissioners over jobs. Back Page, Page 2

Times hint

A hint that the Thomson Organisation may be close to securing a purchaser for the Times group came when print unions were told that bids were conditional on new technology agreements. Back page

Spy jailed

Former CIA agent David Barnett, 47, believed to be the highest level Soviet mole uncovered in U.S. intelligence, was sentenced in Maryland to 18 years' jail for selling secrets to the KGB.

Soviet defector

Soviet diplomat Viktor Korolink, 35, chief interpreter at the Central European forces reduction talks in Vienna, defected to West Germany.

Broadcaster dies

Veteran BBC broadcaster Alvar Lidell—who announced the abdication of King Edward VIII and Neville Chamberlain's declaration of war in 1939—died of cancer, aged 72.

Rents resignation

Liverpool's Liberal housing chairman Richard Kemp resigned in protest after pushing through a 34 per cent rise in council rents, which he blamed on Government cuts.

Superfly

A super house-fly, immune to almost all normal pesticides after building up resistance in recent years, could prove a major health hazard this year, warned Government scientists.

Briefly . . .

Funeral of Princess Alice, Countess of Athlone, at St. George's Chapel Windsor, was attended by the Queen.

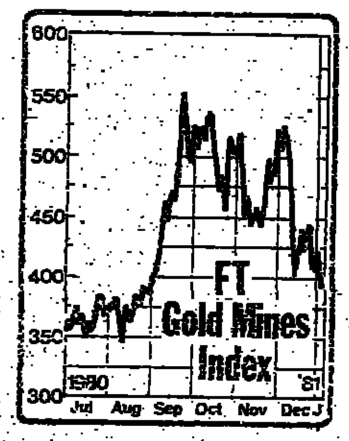
Fugitive financier Robert Vesco was ordered to leave the Bahamas by January 20.

Hartlepool Council told employees to buy British cars if they want council loans.

BUSINESS

Gold Mines index drops 13.2

● GOLD MINES index dropped 13.2 to 391.7 on heavy U.S. selling and small offerings of South African gold shares. This



makes a fall of 129.7, nearly 25 per cent, since December 1. Page 30; Profits mark time, Page 20

● EQUITIES rallied. The FT 30-share index closed only 0.9 down at 459.3. Page 30

● GILTS continued to be troubled by public sector pay uncertainties. The FT Government Securities index fell 0.30 to 68.55. Page 30

● DOLLAR firmed to DM 1.9620 (DM 1.9450) and Y201.50 (Y201.00). Its trade-weighted index rose to 86.0 (85.4). Page 24

● STERLING fell 85 points to $2.4045. Its index was unchanged at 79.0. Page 24

● GOLD droped $2½ in London to $575. Page 24

● WALL STREET was down 14.68 at 966.21 near the close. Page 25. The Granville panic, Page 3

● U.S. SPECIAL STEEL imports will be monitored to detect any surge in unfairly cut-price goods. The move is less than inclusion in the "trigger price" system sought by U.S. manufacturers.

● KENNECOTT, the U.S. copper concern, called off its bid for aerospace and engineering company Curtiss-Wright, but their three-year power struggle looks likely to continue.

● NORTH SEA oil prices are likely to go up by $3 a barrel to $39.25 today. Back Page

● COMPANY LIQUIDATIONS increased by more than 50 per cent to 6,814 last year. Page 6

● PORT TALBOT works representatives agreed to a further 700 redundances under British Steel's survival plan. Back Page

● ENGLISH CHINA CLAYS lifted pre-tax profits from £33.12m to £40.51m in the year to September 30. Page 18; Lex, Back Page

● FIRST NATIONAL Finance Corporation, banker, reports a drop in taxable profits to £7.67m (£21.63m) for the year to October 31. Page 18

Block grant system under attack for increasing spending

BY ROBIN PAULEY

FRESH DOUBT has been thrown on the ability of the Government's controversial new block grant system to curb local authority spending.

New figures from the Environment Department on the 1980-81 budgets—drawn up under the old rate support grant system—show for the first time how the creation of a central government target can encourage low-spending authorities to increase their budgets to a pre-determined norm.

The new block grant system, due to be introduced in 1981-82, is based on the idea of central government telling each authority how much it thinks that council needs to spend.

When the Government asked councils to revise the 1980-81 budgets downwards and gave each a target figure, 106 councils added £70m to their budgets even though they had actually been asked for cuts.

The incident has been doubly embarrassing for the Government because most of the culprits were Conservative-controlled councils.

Of the 106 councils, 39 had been below the new targets and subsequently raised their planned spending to near or exactly the new norm.

Conservatives controlled 28 of these councils, and seven were Labour. They were led by Northamptonshire County, which increased its expenditure by £3.362m, and Kent, which added £2.008m to its budget.

These rises brought Northamptonshire exactly on to target and put Kent 0.3 per cent under.

It ws known in the summer that the attempt to reduce local authority expenditure by calling for revised budgets had gone seriously wrong an dthat Conservative councils were largely to blame.

But whe nMr. Michael Heseltine, Environment Secretary, presented the results in September, they were tabulated in a way which made it impossible to see exactly what each council had done compared with its original spring budget.

But, a parliamentary question by Mr. Allan Roberts, Labour MP for Bootle, gave the Government no option but to provide all the figures for every council.

They show that 19 councils added £1m or more to their budgets instead of cutting or standing still. Of these, 13 were Conservatives, one was a Conservative-Liberal coalition, one was Liberal and four were Labour-controlled. Together they added £52.8m to their budgets.

They were led by Leeds (Labour), which added an extra £8.3m to its estimates.

The failure of the exercise was largely due to the behaviour of the solidly Conservative shire county councils. All but one (Durham) of England's 39 shire counties are Conservative: 12 increased their budgets and 13 refiled the original figures. Every one exceeded the Government's target figure.

Of the 106 councils which increased their budgets, 57 were Tory-controlled, 24 Labour and two Liberal. Another 126 councils refiled their original figures, some because they were under target, some for political reasons even if they were over target. Fifty-seven were Conservative and 42 Labour.

The fact that so much has gone wrong because of the issuing of a target figure to each council poses a threat to the operation of the new block grant systems.

Details, Page 6

Wave of new issues hits eurodollar bond market

BY JOHN MAKINSON

THE EURODOLLAR bond market was groaning under the weight of new issues last night as borrowers continued to chase the lower interest rates available on dollar bonds since Christmas.

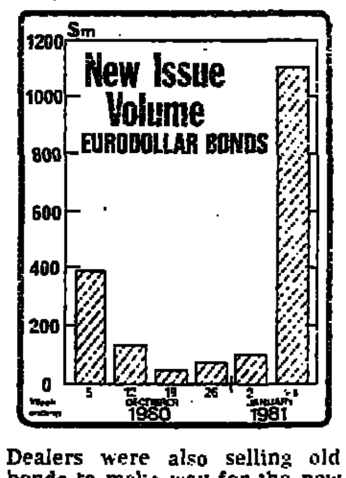
Four new issues totalling $300m (£125m) were launched yesterday, and another for $60m was believed to be imminent. This brought the amount reported in the first eight days of this year to over $1bn, more than was launched over the whole of December.

According to figures from Morgan Guaranty, dollar Eurobond issues last year totalled $16.3bn. A large portion of this was accounted for by convertible bonds, which have been absent so far this year.

The spate of new offerings is causing concern among bankers who fear that so much paper will be difficult for the market to digest unless bond prices in New York rise markedly.

The U.S. bond market rallied strongly at the beginning of the year, as interest rates fell, but the trend was reversed on Wednesday and there was no sign of a renewed recovery yesterday.

In London, dollar eurobond prices had already fallen by as much as two points by lunchtime yesterday, partly in response to the weaker tone in New York, although they steadied in the afternoon.



Dealers were also selling old bonds to make way for the new paper being launched.

The fall in prices will make new bonds harder to place and some bankers fear that the almost indecent haste with which borrowers have rushed to take advantage of the lower dollar rates could soon force new issue activity back into the doldrums.

West German banks have imposed a moratorium on new Deutsche Mark issues, but the Swiss Franc market picked up yesterday with news of four issues totalling SwFr 420m (£98m). Two of these, amounting to SwFr 270m, are convertible notes, which will be privately placed for leading Japanese companies.

Ian Hargreaves writes from New York: Wall Street suffered a hangover yesterday, after Tuesday's stock market debacle caused by the "sell everything" advice issued by a respected market forecaster.

Stock prices slid sharply and the Dow Jones Industrial Average was more than 12 points lower around midday, later recovering some of its ground.

The volume of stock trading, however, was not much more than half that of the previous day, when the New York Stock Exchange set a record for share trades.

Optimism about further declines in interest rates has also evaporated, although yesterday two large banks, Chase Manhattan and First Chicago, lowered their prime rates to 20 per cent.

This change of mood is based upon developments in the bond markets in the last two days, where the Federal Reserve appears to be signalling through its trading actions the strategy already advocated publicly by some of its members of preventing too rapid a slide

Bond prices lost between half and one point in price yesterday, and short-term interest rates edged upwards by about a quarter of a percentage point.

Eurobonds, Page 22

Spillers' directors share £1.7m

BY CHRISTINE MOIR

THE BOARD of Spillers which resigned when Dalgety took over the company after a bitter battle in 1979 is sharing £1.7m to maintain board members' pension rights and provide compensation for loss of office.

Dalgety paid the five executive board members just under £700,000 in total, in reflection of their four-year contracts. Pension rights of £992,000 for them and two other directors who retired in 1979, and compensation for loss of office to the three non-executive directors brought the total to £1,702,000.

Mr. Michael Vernon, former chairman of Spillers, is thought to have received about £180,000, the equivalent of four years of his £46,000 annual salary. His pension entitlement was also high, as he had been with Spillers for over 30 years.

In addition, Dalgety sold a house to Mr. Vernon at its £155,000 valuation.

The figures for compensation are contained in the report and accounts of Spillers from the beginning of 1979 to the end of last June. Following the publication of Dalgety's own accounts for the period, in which Spillers has already been consolidated, this report is of purely historic interest.

However, it reveals the hidden costs of a big take-over.

Dalgety paid Spillers' shareholders £70m for the company but the costs of merging it with its own organisation did not end there.

There were £10m of provisions for closures and reorganisations — largely redundancies. Provisions of £21.3m more were made against the cost of the investments in various subsidiary companies.

The cost of providing an investment fund which would meet the future pension rights of Spillers' employees was £2.8m, in addition to which £540,000 was paid out of profits during the period under Spillers' previous policy of meeting pensions as they arose.

Ford sweeps the board in UK new car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD SWEPT the board in the UK new car market last year. It was the market leader, the major importer, and supplied the three best-selling cars: the Cortina, the Escort and the Fiesta.

In stark contrast BL had its worst-ever year with a market share down to just over 18 per cent against its target of 20 per cent.

To add to the gloom of the British manufacturers, the importers' penetration reached a record 56.7 per cent of the 1980 market, against 56.28 per cent the previous year.

According to the Society of Motor Manufacturers and Traders, new car registrations last year were the fifth highest on record, at 1.51m, but represented a steep 11.8 per cent drop from the record 1.72m for 1979.

The society predicts a further 6 per cent fall in sales to 1.42m this year, but believes that the level of imports will drop back.

December was the fourth month in succession when the import total was below the level for the same period a year before. At just over 44 per cent of the December market it was lower than at any time since March 1978.

The main factor influencing imports is that Ford is living up to its promise to supply the British market mainly from its British plants. In December only 33 per cent of new Fords registered were assembled outside the UK, compared with 48 per cent in December 1979.

It was late in the year when Ford made its move, and for 1980 as a whole imported Fords accounted for 14.3 per cent of the total UK market compared with 13.8 per cent in 1979. Ford's UK market share improved from 28.3 to nearly 31 per cent.

Things were looking better for BL at the end of the year after the introduction of the Metro, which helped the group take 22 per cent of December sales.

The December market was distorted by Datsun's decision to stay out almost completely and pull back the total Japanese share. In December, 1979, the company took more than 11 per cent of the market.

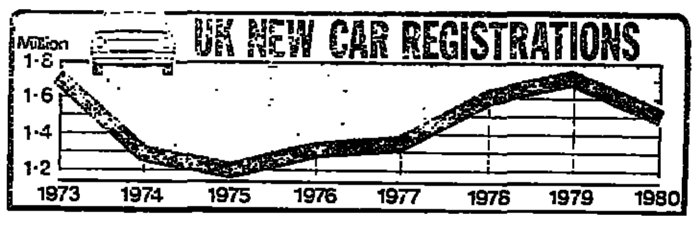
In spite of Datsun's efforts, the Japanese share of the market in 1980 was up from 10.8 to 11.9 per cent, well ahead of the level the British manufacturers had expected in view of Japan's voluntary restrictions on car shipments.

Datsun remained the leading "traditional" importer with a market share up from 5.97 to just over 6 per cent. Renault registered 88,343 cars—against a target of 100,000—to take 5.8 per cent.

The SMMT also reported yesterday that commercial vehicle sales in 1980 fell by 11.4 per cent from the previous year's level to 266,219.

The 10 best-selling cars in 1980 were: 1. Ford Cortina (190,281); 2. Ford Escort (old-style) 103,840; 3. Ford Fiesta (91,661); 4. BL Mini (61,129); 5. BL Marina-Ital (59,906); 6. Vauxhall Chevette (46,059); 7. Vauxhall Cavalier (41,119); 8. BL Allegro (39,612); 9. Ford Capri (31,187); 10. Renault 18 (30,958).

December car registrations table, Page 6



UK CAR REGISTRATIONS

	1980	%	1979	%
Ford UK	247,946	16.38	248,550	14.48
Ford imports	216,760	14.3	237,009	13.8
Total Ford	464,706	30.7	485,559	28.29
BL UK	259,075	17.1	320,233	18.66
BL Belgium	16,723	1.1	16,723	0.97
Total BL	275,798	18.22	336,984	19.63
Vauxhall UK	82,233	5.43	94,731	5.52
Vauxhall imports	26,985	1.78	17,667	1.0
Total Vauxhall	109,218	7.2	112,398	6.5
Talbot UK	62,876	4.15	83,072	4.8
Talbot imports	27,998	1.8	36,361	2.1
Total Talbot	90,874	6.0	119,433	6.95
Total imports	858,319	56.70	965,910	56.28
Total market	1,513,761	100	1,716,275	100

Source: Society of Motor Manufacturers and Traders

Licence for bank deposits refused

By Michael Lafferty, Banking Correspondent

A CONSORTIUM bank, whose main operations are in London and whose largest shareholder is the Bank of Montreal, has been refused a deposit-taking licence by the Bank of England.

The bank concerned, International Resources and Finance Bank, is controlled through a Luxembourg holding company. Its shareholders include several Arab rulers and businessmen. It withdrew its year-old application for a UK deposit-taking licence on Tuesday, after lengthy discussions with Bank of England officials.

This is thought to be the first time that a bank has been refused any permission to do business in the UK under the 1979 Banking Act.

Without a deposit-taking licence the International Resources and Finance Bank will have to suspend operating bank accounts and taking "retail" deposits for individuals, companies and partnership in the UK. It appears that the bank can continue to take inter-bank deposits, which presently account for virtually all its funding.

So far under the Banking Act, problems have arisen because some banks applying for the senior of the two levels of status, that of recognised bank, were offered instead that of a licensed deposit-taker. IRFB, which was set up in May, 1977, only sought a deposit-taking licence.

Bank of Montreal, one of the largest banks in Canada, holds 30 per cent of the International Resources and Finance Bank, while three of its senior officials, including Mr. Fred McNeil, the Canadian bank's chairman, sit on the IRFB board. A number of senior executives of the IRFB, including the chief operating officer, have also been seconded by the Canadian bank.

Among the International Resources and Finance Bank's other shareholders are the rulers of Sharjah and Fujairah, two of the emirates in the UAE confederation, and Sheikh Khalifa bin Zayed Al-Nahayan, Crown prince of Abu Dhabi. The Saudi International Investment Company, whose shareholders include prominent

Continued on Back Page

£ in New York

—	Jan. 7	Previous
Spot	$2.4055-4070	$2.4160-4195
1 month	0.65-0.75 pm	0.85-0.95 pm
3 months	1.45-1.55 pm	1.40-1.55 pm
12 months	2.15-2.35 pm	1.70-1.90 pm

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Bibby (J.)	232	+ 10
Birmingham Pallet	28	+ 3
Cole (R. H.)	63	+ 8
Dowty	200	+ 4
English China Clays	89	+ 5
Glasgow Pavilion	58	+ 6
Hazlewood Foods	122	+ 6
Hickson and Welch	145	+ 5
N. Midland Cnstrct.	36	+ 4
Tern-Consulate	56	+ 7
Thorn EMI	307	+ 5
BP	408	+ 12
Shell Transport	454	+ 8
Sovereign Oil	398	+ 14

FALLS

Treas. 11½pc 1989 A (£30 pd.)	£26½	— ½
Treas. 13½pc 1997	£94½	— ½
Akroyd & Smithers	335	— 7
BTR	335	— 10
Bakers Hld. Stores	100	— 6
ERF	43	— 3
ICL	61	— 7
ML Hldgs.	250	— 20
Pearson Longman	159	— 5
Pleasurama	187	— 7
SGB	120	— 8
Standard Telephns.	428	— 10
Trusthouse Forte	185	— 7
Unitech	274	— 12
Waddington (J.)	94	— 6
Whitbread A	141	— 6
Wolverhampton Dy.	174	— 10
Ashton Mining	129	— 6
Bougainville	88	— 10
Cons. Gold Fields	495	— 25
Middle Wits.	850	— 30
North Kalgurli	75	— 5
Otter Exploration	62	— 6
Randfontein Ests.	£35½	— 3½
Western Areas	354	— 35
Whim Creek	62	— 10

CONTENTS

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Fewer hands on the helm in Thorn Commission

BY JOHN WYLES IN BRUSSELS

"TWO MEN dug their own graves last night. One of them just managed to climb out. The other, I fear, is dead." That was how one seasoned but rather hollow-eyed Commissioner yesterday summed up the first crucial meeting of M. Gaston Thorn's European Commission.

Until the early hours of the morning he and most of his colleagues had watched first with incredulity and then anger a bitter wrangle between Mr. Christopher Tugendhat, Britain's senior Commissioner, and Mr. Michael O'Kennedy, the new member from Ireland, which had shattered all hopes of a harmonious launch for the new Commission.

Many of those present failed to understand all evening just why Mr. Tugendhat was opposing M. Thorn's plan to delegate to the Irish Commissioner some of the president's responsibility for co-ordinating the Commission's work on restructuring the EEC budget. Many were angered by the calculated intervention of Mrs. Margaret Thatcher, Britain's Prime Minister, who is said to have told M. Thorn, after he had overcome his reluctance to take her telephone call, that his proposal was "an insult to the British people."

Virtually all Commissioners thought that Mr. Michael O'Kennedy may have irretrievably damaged his standing with his new colleagues. His seemingly interminable refusal to agree with Mr. Tugendhat on a definition of a role to be delegated by M. Thorn caused such exasperation that Herr Karl-Heinz Narjes, the new West German Commissioner, apparently spoke for all in reminding Mr. O'Kennedy that he was not in the schoolroom.

Yet there ought to be some sympathy for both Mr. Tugendhat and Mr. O'Kennedy, who were essentially the victims of a situation not of their making. It is not their fault that there are not enough worthwhile jobs to occupy a Commission of 14, nor that most of the plums were being retained by eight carry-overs from the Jenkins Commission.

Mr. Tugendhat quite rightly thought he was holding a plum by sticking to the Budget portfolio. This appears to guarantee him a central role in shaping the Commission's strategy for swinging the balance of EEC spending away from agriculture.

When, without any prior warning from M. Thorn, he suddenly heard that Mr. O'Kennedy was to sit at the president's shoulder in administering work on the budget restructuring proposals, Mr. Tugendhat was understandably keen for assurances that his own position was not being eroded.

These were eventually gained in writing, but only after unseemly bloodletting. Despite his brave face yesterday, it is difficult to credit Mr. O'Kennedy with having won serious employment. Staff administration is a bed of nails having little to do with building Europe. Meanwhile, as the president's delegate, Mr. O'Kennedy looks to be in a political graveyard. He will not have control of a significant Commission department and is at the mercy of a man not renowned for his powers of delegation.

Although M. Thorn was brimming with characteristic aplomb at his first presidential news conference yesterday, the little Luxemburger has hardly got his Commission off to a brilliant start. The seeds of the Tugendhat O'Kennedy joust lie in the enormous expansion of Viscount Etienne Davignon's empire encouraged by M. Thorn.

By adding Energy to his Industrial portfolio, the former Belgian diplomat is undoubtedly the second most powerful man in the Commission, and Benelux apparently reigns supreme.

Mr. Ivor Richard, the new British Commissioner, urged M. Thorn to break up Industry and Energy so as to have something decent to offer the new arrivals. In the event, Mr. Richard is quite satisfied with the Social Affairs portfolio which, given unemployment levels and the less than 1 per cent of the EEC budget spent in this area, has nowhere to go but up.

The three other new boys, Mr. Narjes, Mr. Frans Andriessen and Mr. George Kontogeorgis, also apparently felt they had done as well as they could have reasonably hoped.

The longer term significance of Wednesday night and Thursday morning must be twofold. It points up the problem of allowing the Commission to expand to 17 members if the EEC enlarges to accommodate Spain and Portugal. It also confirms the development of first and second class Commissioners.

In effect, the Thorn Commission looks likely to be run by the president and Messrs. Davignon, Ortoli and Gundelach with Mr. Tugendhat and M. Cheysson occasional members of the inner circle.

This will be somewhat distant from the concept of "collegiality," or collective responsibility, upon which the Commission is notionally founded, but not much more so than the Jenkins Commission which retired last Monday. As long as the Commission president remains politically handicapped, unable to choose his colleagues or decide their jobs, the Commission will continue to bob up and down in a sea of national loyalties, personal ambition and petty intrigue.

PORTFOLIO RESPONSIBILITIES OF EUROPEAN COMMISSION MEMBERS

Gaston Thorn	President: general secretariat; legal services; spokesman's group; security office; cultural affairs.
Francois-Xavier Ortoli	Economic and financial affairs: credit and investments.
Wilhelm Haferkamp	External relations; external aspects of nuclear affairs.
Finn Olav Gundelach	Agriculture; fisheries (in association with Mr. Kontogeorgis).
Lorenzo Natali	Relations with Mediterranean countries; enlargement; information policy.
Claude Cheysson	Development;
Antonio Giolitti	regional policy; co-ordination of EEC funds.
Etienne Davignon	Industrial affairs; energy (including Euratom); research and science.
Christopher Tugendhat	Budget; financial control; financial institutions: taxation.
George Kontogeorgis	Transport; fisheries (after period "in association" with Mr. Gundelach).
Karl-Heinz Narjes	Internal market and customs union; industrial innovation; environment: consumer protection: nuclear safety.
Frans Andriessen	Competition policy; relations with the European Parliament.
Ivor Richard	Employment and social affairs: education.
Michael O'Kennedy	President's delegate "particularly in connection with the budget restructuring mandate"; personnel administration; statistical and publications offices.

Sr. Balsemao: more flexible manager

Portugal's Government changes its style

By Diana Smith in Lisbon

PORTUGAL'S new Prime Minister, Sr. Francisco Pinto Balsemao, is a pragmatist and conciliator. His political style is the opposite of Sr. Francisco Sa Carneiro, the Social Democrat leader whose death in an air crash last month robbed Portugal of a charismatic leader and ambitious political gambler.

Sr. Sa Carneiro's forceful personality caused numerous desertions from the Social Democrat Party which he co-founded with Sr. Balsemao in 1974.

Those who picked 43-year-old Sr. Balsemao to succeed as leader see him as a flexible manager who could steer Portugal through the immensely difficult task of joining the European Community.

Sr. Balsemao is one of Portugal's most respected journalists—he was editor of Expresso, the leading independent weekly, and was Deputy Prime Minister under Sr. Sa Carneiro. His policies are moderate but might yet be squeezed by the right-wing ruling Democratic Alliance and Portugal's militant left.

So far, Sr. Balsemao has done well, negotiating his way through obstructions set by Christian Democrats and more conservative Social Democrats to form a competent-looking cabinet when many opponents expected him to falter.

Portugal's new Government, composed of 17 young Social Democrats and Christian Democrats, and one Monarchist, will be sworn in today by President Antonio Ramalho Eanes.

After three weeks of arduous haggling, Sr. Balsemao has come up with a cabinet that is potentially able, with solid business or government credentials and a strong internationalist flavour. Most ministers are in their early forties. Some are personal friends or law practice colleagues of the Prime Minister, including Sr. Joao Morais Leitao, the Finance Minister, Sr. Andre Goncalves Pereira, the Foreign Minister.

Much more of a delegator than his predecessor, Sr. Balsemao has chosen men of energy who look determined to run their own departments and can be expected to regard the Premier as a co-ordinator, rather than a master.

This is a new departure in Portuguese politics and something of a gamble. If it works, Portugal will have taken an important step towards a maturer system of Government and away from the temptation to fall back upon authoritarian political leadership.

There has been a tendency to regard Sr. Balsemao as a political lightweight. He was born into privilege and patently enjoys his Porsche sports car and house in the exclusive residential area of the Quinta da Marinha.

But this disregards the ferocity and skill with which he has in the past protected Expresso, Portugal's only independent newspaper which he founded in 1973.

It also underestimates Sr. Balsemao's strong influence more recently in keeping his party together when the late Sr. Sa Carneiro's intolerance of dissidents threatened to fragment it.

Sr. Balsemao himself withstood some strong personal attacks by his predecessor before going on to serve as Minister without Portfolio in his cabinet.

His international flair has enabled him to build up a small army of friends in high places in Europe, North America and the Arab world. Through his close relations with King Juan Carlos of Spain, a boyhood friend, Portugal now has a natural bridge with its ambitious neighbour also preparing to join the European Community.

Fresh bid to break Gibraltar deadlock

By Robert Graham in Madrid

SENIOR BRITISH and Spanish officials are again trying to break the deadlock over the future of Gibraltar. Nine months after both agreed that Spain should lift its closure of the frontier in return for a British undertaking to consider all aspects of the Gibraltar problem, the border is still shut.

The Gibraltar issue is being raised here in two days of talks between Sir Ian Gilmour, Britain's Lord Privy Seal and Minister with responsibility for Europe, and Sr. Jose Pedro Perez Llorca, the Spanish Foreign Minister.

Britain has been anxious to stress that the talks, which began yesterday, have a wider context than Gibraltar. Sir Ian said on his arrival that he would be discussing aspects of Spanish entry into the EEC. But this, too, brings in the question of Gibraltar, as the EEC will not accept closed frontiers between member states.

Last April, Sr. Marcelino Oreja, then Spain's Foreign Minister, and Lord Carrington, his British counterpart, agreed on a formula in Lisbon regarded as an important advance in the 11-year-old Gibraltar stalemate. In return for Spain restoring communications to the Rock, Britain undertook to discuss all aspects of the colony's future status.

The agreement to consider "all aspects" indicated the first hint of flexibility. But this was clearly conditional on the Spanish first lifting the restrictions unilaterally imposed since 1969 on movement and communications.

Arrangements for this were meant to have been completed by June, and the frontier was expected to be open by last summer.

However, Sr. Oreja quickly discovered he had negotiated an agreement the Cabinet was reluctant to endorse. Since the summer positions have tended to harden on both sides.

The British and the Gibraltarians have become increasingly impatient at Spain's inability to understand that the restrictions must be rescinded if progress is to be made. The Spanish are unwilling to do this without concrete concessions. In particular, they want assurances that Spaniards will have free access to Gibraltar and enjoy equal rights to Gibraltarians.

Sr. Santiago Carrillo, Spain's Communist party leader, yesterday admitted his party had suffered a serious loss of credibility and prestige as a result of the Catalan party's decision to reject Eurocommunism and adopt a Stalinist pro-Soviet stance.

Why Poland cannot afford the 40-hour week

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

A MAJOR economic and political crisis has erupted over an agreement to introduce a five-day week by the start of this year, five months after signature of the Gdansk agreements between the Polish Government and the new independent trade union movement Solidarity.

The government, in the person of Deputy Prime Minister Mieczyslaw Jagielski, who signed the Gdansk agreement, argues that the immediate introduction of a 40-hour week would have a disastrous effect on a debt-ridden economy already suffering from massive shortages of all kinds.

The unions, driven on by past experience of Government promises subsequently revoked, are insisting that the Government sticks to the letter of its agreement. The result is a head-on confrontation which could destroy all the painstaking efforts made since September to re-build trust between the Government, the unions and the country at large.

Mr. Jagielski, in a plea for compromise, said that the Government would be prepared to honour the five-day week pledge, on condition that the working day was increased by half an hour partially to compensate for the extra costs and lower output.

Alternatively he offered two Saturdays off each month and an unchanged eight-hour day. Yesterday, however the Solidarity presidium, meeting in Gdansk, drafted a resolution declaring a five-day week starting on Saturday with no reduction in pay. Workers at several plants, including the militant Ursus tractor plant outside Warsaw, have already announced they will not turn up for work on Saturday.

Compromise

The response to the call for a five-day week remains to be seen, but already Mr. Jagielski has indicated that the Government will stick to its compromise offer and try to impress upon the population the vital need for greater output if queues and shortages are to be alleviated.

The confrontation over the working week epitomises the nature of the economic dilemma now facing Poland. Years of waste, bad management, arbitrary and uneconomic investment decisions, corruption, incompetence and broken promises have led to a progressive deterioration in the economy and food supply which has created what could be called "Poland's crisis of declining expectations."

Basically, Poles looked ahead to the 1980s, saw the evidence of declining economic efficiency and mounting foreign debt, and came to the depressing conclusion that their already intolerably low standard of living was doomed to decline even further.

The appetite for higher living standards, which had been whetted during the foreign-financed boom of the early Gierek years and frustrated by the drift into economic and political stagnation of the 1976 food strike, surfaced again in the long list of demands agreed in Gdansk and Stettin in August.

Economically speaking, these were impracticable then and have become even more so over the past five months of strikes, shortages of spare parts and raw material and disastrous harvests. Both sides know this—but the unions are reluctant to admit it because they fear that any compromise on the agreements would prove to be the thin edge of a rapidly thickening wedge.

The main unanswered question now is the degree to which the union leadership's determination to cling to the letter of the Gdansk agreements is shared by the tired and frustrated workers in the food queues, which threaten to become unemployment lines as well.

The Sejm (Parliament) economic commission recently calculated that what it termed "the discrepancy between minimum commercial needs and the supply of goods" is likely to be Zl 140bn (£1.88bn) this year. But the gap between goods in the goods in the shops and the sort of supply which would satisfy "the true needs of consumers" should be reckoned at Zl 400bn, about one-third greater than actual supplies.

But if this is the extent of shortages in the shops, the dislocation in the economy as a whole is likely to be even greater, and even greater shortfalls can be expectd in the vital foreign trade sector.

Consumers, after all, have been given greater priority in the revised annual plan. Resources have been diverted from exports to the home market, investment budgets have been savagely pruned and both Comecon and the EEC have been called upon to supply cheap food and further credits.

Priority

In the short run, this should help to absorb part of the higher monetary incomes agreed since August. These are expected ot raise the wage bill by an average of 15 per cent this year—so raising demand at the same time as productivity and physical production is declining.

Apart from higher labour costs, the cut in 49 major investment projects anounced last month will both slow down modernisation of the economy and tie up over £400m in unutilised plant and equipment.

At the same time, the combination of priority treatment for the domestic market and the effect of five-day working in the coal, copper and sulphur mines foreshadows a major decline in Poland's export capability this year.

Coal exports to the West, for example, could drop to only 11m tons this year—15m tons less than in 1979 and roughly 20m tons below earlier targets.

Similar falls can be expected in copper output, while production of stel and a wide range of industrial goods is also expected to fall through a combination of component and energy shortages, transport bottlenecks and a shorter working week.

Many Western analysts estimate that Poland needs a decade of hard work and rational economic management to get the economy back into shape. After that, a 40-hour week might be a practical proposition.

Coal exports, Page 4

Weak W. German market leads to fall in manufacturing orders

BY KEVIN DONE IN FRANKFURT

ORDERS TAKEN by West German manufacturing industry fell in November by 3 per cent, the latest indication that the economy is slipping into recession.

The chief weakness is in the domestic market, where orders in November fell by fully 4.5 per cent—seasonally adjusted—compared with October, while foreign orders stagnated.

With the news coming right after the announcement that West German unemployment jumped sharply in December by 150,000 to more than 1.1m, the unions yesterday again urged the Government to stimulate the economy to protect jobs.

The West German Trades Union Federation said Bonn should re-think its medium-term spending plans to create more jobs. Unemployment should also be fought by shortening working hours and reducing the retirement age.

Bonn has shown little sign that it is willing to take such action, beyond the tax concessions already being implemented this year.

The Bundesbank, the Central Bank, also appears to have ruled out any relaxation of interest rates to help the domestic economy.

The Bundesbank's policy-making Central Council, which met yesterday in Frankfurt, decided as expected to leave interest rates unchanged, with the discount rate still at a post-war record of 7.5 per cent.

Herr Karl Otto Poehl, the Bundersbank president, specifically warned against reflation in a television interview. Such measures could lead, he warned, to an even larger current account deficit—a 1980 deficit of some DM 30bn (£6.4bn) is likely to be revealed later this month—which would in turn undermine the currency and make fighting inflation more difficult.

Party rebukes missile rebels

BY JONATHAN CARR IN BONN

WEST GERMANY'S ruling Social Democrat party has called into line some of its members who have publicly questioned a NATO decision to station intermediate - range nuclear missiles in Europe.

The issue by the party of what amounts to a public rebuke in an unusual step, reflecting high-level concern at the impact these dissenting views might have on opinion abroad, particularly in the U.S.

A statement yesterday from the party's parliamentary group said reservations expressed recently represented only the opinions of individual parliamentarians and not those of official party bodies.

In particular, it opposed the view that U.S. failure to ratify the SALT-II treaty with the Soviet Union on limiting strategic arms would mean the party must reconsider the NATO decision.

All Social Democrat deputies were disappointed that a ratification of SALT-II, as negotiated by the outgoing Carter Administration, could no longer be expected from the U.S. Senate, the statement added.

But if negotiations between Moscow and the incoming U.S. Administration of Mr. Ronald Reagan on strategic arms and intermediate range missiles went ahead "as soon as possible," this was sufficient ground for continued party support for the NATO stand.

Under the decision of December 1979, NATO agreed to produce intermediate - range missiles and to station them in Europe—including West Germany—if arms limitation negotiations with the Soviet Union came to nothing.

Chancellor Helmut Schmidt gained the support of the Social Democrats for the NATO stand mainly by emphasising that negotiation with Moscow should form one indivisible part of it. Some in the party now fear there will be little negotiation, only an arms build-up, and they therefore want to review the whole issue.

Senators resign in West Berlin

BY ROGER BOYES IN BONN

A WEST BERLIN building scandal has triggered off the resignation of both the Deputy Mayor and the city's Housing Senator (Minister), and looks set to cause further eruptions in an already shaky city government.

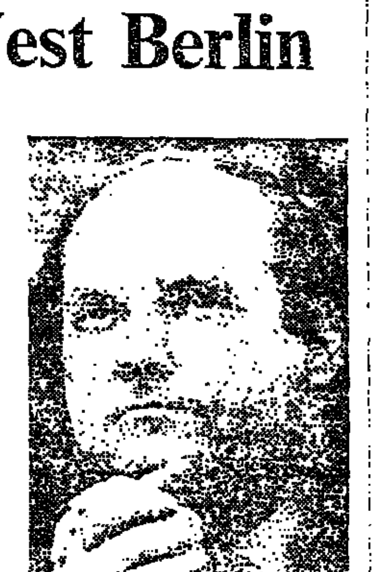
Heads have begun to roll in swift succession. Herr Harry Ristock announced his resignation yesterday as Senator in charge of Housing and Construction, while Herr Wolfgang Lueder, the Deputy Mayor and Economics Senator, stepped down on Wednesday evening.

In addition, Herr Klaus Ribschlaeger has been shifted this week from the Finance portfolio to become Social Democratic Chief Whip. Herr Dietrich Stobbe, the Mayor, while stressing that the Social Democrat-Free Democrat coalition will continue, has indicated that he will shuffle his remaining Cabinet in the next few days.

The root of the situation lies in the bankruptcy of Bautechnik AG, a West Berlin-based construction company, which ran into liquidity problems while building a school in Saudi Arabia.

The city had guaranteed 90 per cent of a DM 128m (£28m) loan to the company by Berliner Bank, which is owned by the state of West Berlin. This was despite Bautechnik's financially precarious position.

The result is that West Berlin taxpayers will almost certainly have to come up with most of the money, and the city's Press has been calling for radical action. A commission of inquiry has been set up and the city government has begun legal proceedings against the company.



Herr Stobbe . . . changes

Paris says Libya-Chad merger 'not valid'

By Robert Mauthner in Paris

FRANCE YESTERDAY condemned the proposed "merger" between Libya and Chad which it claimed did not take into account the wishes of the people of Chad and was contrary to international agreements.

In a toughly-worded communique, the French Foreign Ministry said it could not consider as valid a project which the Chad Government had not even had time to discuss. Moreover, the planned union between the two countries was contrary to the Lagos agreement of 1979, under which a transitional administration in Chad had been charged with preparing elections to be held by the end of January, 1982.

It was not up to the transitional government to prejudice the choice which would be made by a Government resulting from these elections.

The communique said France, which had given independence to Chad, had always respected its sovereignty, had never interfered in its internal affairs and had given the country aid on several occasions. French troops had been withdrawn from Chad last May in accordance with the Lagos agreement.

In what appeared to be an offer of renewed aid, the communique said France would continue to stand by the Chad people, when its rights and security and those of the whole of Africa were at stake. However, M. Robert Galley, the French Defence Minister, who is also responsible for France's relations with African states, made it clear that France did not intend to intervene militarily in Chad.

M. Jean Francois-Poncet, the French Foreign Minister, was due to arrive in the Ivory Coast yesterday for a four-day official visit, during which Tripoli's policy towards Chad will figure high on the agenda of his talks with President Felix Houphouet - Boigny. Moreover, M. Francois-Poncet is due to preside over a meeting on Saturday and Sunday of some 20 French Ambassadors in West Africa to discuss French policy in the region.

M. Olivier Stirn, the junior minister at the French Foreign Ministry, will visit Senegal on January 16 and 17 for talks with the new Senegalese President, Mr. Abou Diouf and his Prime Minister, Mr. Abib Thiam.

Economist warns on Dutch unemployment

BY CHARLES BATCHELOR IN AMSTERDAM

A DUTCH senior civil servant yesterday gave the country its strongest warning on the dangers facing the troubled economy.

The Government which emerges from the general election due in May must begin an unprecedented operation to put the economy back on a sound footing, Dr. Frans Rutten, Secretary-General at the Economics Ministry, warned in his annual review.

He said if fundamental changes were not made, unemployment—currently about 320,000—could reach half a million by the mid-1980s and 750,000 by the 1990s. The figures would equal those reached during the 1930s.

He warned that a continuation of the erosion of the balance of payments and the growth in the Government's budget deficit would lead to financial chaos.

A fundamental adjustment of policies was needed at the start of the new Government's period of office, Dr. Rutten said. This would have the psychological advantage of concentrating the period of sacrifice and reducing the need for a long series of minor changes. But even an immediate start of a new economic programme would not prevent the economy going through a long trough.

The State sector is no longer able to absorb the people being out of a job in the private sector so both registered unemployment and "hidden joblessness," will increase. On top of this, gas revenues would provide less support to the balance of payments from the mid-1980s, adding an extra economic burden.

The market economy's natural ability to respond to these pressures is reduced by the extensive Dutch system of wage indexation. Two-thirds of collective spending is directly linked to wage levels in the private sector.

Company profits must recover to reasonable levels if the number of jobs available is to increase. This recovery depends on adjustment in wage levels, the amount of collective spending and the structure of industry. These changes require the co-operation of the Government, the unions and the employers, Dr. Rutten said.

The policies envisaged would require cuts in public spending, and wage restraint.

Danish Government aims to alter North Sea rules

BY HILARY BARNES IN COPENHAGEN

THE DANISH Social Democratic Government yesterday began consulting other parties to seek support for legislation changing the conditions for oil and gas exploration in Denmark's sector of the North Sea. It wants to remove the exclusive 50-year concession awarded in 1962 to the A. P. Moeller group, which exercises it in partnership with Shell, Texaco and Chevron in the Danish Underground Consortium.

The Government plans four pieces of legislation. The first will give back to the state all areas of the concession, which covers the entire Danish on and offshore area, where hydrocarbons have not been found yet.

Secondly, the Consortium and other future oil producers will be compelled to use state-owned and operated pipelines to land all North Sea oil.

Thirdly, 50 per cent of all oil will have to be sold to the state's oil distribution company.

Finally, new tax and licence terms will be introduced, based on the UK and Norwegian block system and with tax rates comparable with Norwegian and British rates. Currently, the Consortium is only liable to pay a royalty of 8.5 per cent plus the normal 40 per cent corporate income tax.

A. P. Moeller is expected to demand compensation for expropriation, as guaranteed by the constitution. The Government will probably counter-claim that its action is not covered by the constitutional guarantee.

The Government is expected to gain a majority in Parliament for its action with the help of left-wing parties. It has rejected calls from the Conservative and Liberal parties to resume negotiations with A. P. Moeller for a voluntary settlement. Negotiations were broken off at the end of last year when the company refused to meet government demands for a modernised concession system.

Reagan 'inherits a healthy U.S. economy'

BY DAVID BUCHAN IN WASHINGTON

THE U.S. current account surplus with the rest of the world will increase from $5bn last year to around $10bn in 1981, maintaining the present relative strength of the dollar, a senior Treasury official said yesterday.

Mr. Fred Bergsten, assistant secretary for international affairs in the outgoing Carter Administration, said that President-elect Reagan would inherit an economy which, for all its domestic hiccups, was performing very well internationally.

U.S. interest rates, apparently on their way down again from their latest peak, would have an effect on the short-term movement of the dollar, he conceded. But the fundamental factors underlying the improved U.S. current account—growing exports and diminished oil imports—would maintain the dollar's overall stability.

In a farewell Press conference, Mr. Bergsten took pride in the Carter Administration for the "notable lack of a monetary crisis in the past two years." But he said that if dollar instability should recur, the U.S. has repaid its special foreign currency borrowings, made to bolster the dollar in 1978, and was in a good position to come to the currency's defence again.

Mr. Bergsten was of the opinion that foreign countries would watch the Reagan Administration, not for its individual decisions on taxes, spending and the budget, but for its overall commitment to bringing down the inflation rate.

There would only be trouble if there was any perception abroad that the U.S. Administration or the Federal Reserve Board were no longer devoted to the fight against inflation.

Mr. Donald Regan, the designated Treasury Secretary in the Reagan Government, affirmed this week that inflation would be the priority.

Weinberger flexible on 3% NATO defence rises

BY OUR WASHINGTON CORRESPONDENT

THE INCOMING Reagan Administration has signalled that it wants to avoid an acrimonious squabble with some European allies for not living up precisely to the North Atlantic Treaty Organisation's commitment for a minimum annual increase of 3 per cent in real defence spending by allied Governments.

Mr. Caspar Weinberger, the choice for Defence Secretary in the new Republican team, told his Senate confirmation hearing this week he did not believe in holding allies to a rigid standard.

Germany, Britain, and some smaller allies have indicated that economic pressures this year will result in real increases in their defence budgets of less than the 3 per cent guideline agreed at the 1978 NATO summit. This has led to critical carping by the outgoing Carter Administration and Republican leaders in Congress who complain that theallies were welshing on their fair share of the allied defence effort.

"I don't believe in fixed percentages," Mr. Weinberger said. "I think sometimes they may be too low and sometimes they may be high enough to involve some waste." He said he would like to concentrate on the end-product of defence spending. West Germany, in particular, has argued that it receives far more value for its defence money than the U.S., in terms of equipment readiness and the training of its men.

Ironically, the Carter Administration has used as a lever on its allies the argument that the Reagan team would take an even dimmer view than itself of European failure to meet the 3 per cent standard.

The Administration is expected next week to propose a $196.4bn defence budget for 1981-82—a 14.6 per cent nominal rise over this year, without taking inflation into account. Once in office Mr. Reagan is likely to increase this.

It is possible the Republican Administration will use indirect pressure to secure more European defence spending. Some members of the Reagan transition team have argued that, if the Europeans are so keen for the U.S. to make its overdue contribution to the World Bank's concessional aid fund (the International Development Association), then they should make amends on the defence front.

Brazil budget restrains spending and investment

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN Government's National Economic Development Council has approved a budget which holds the increase in total expenditure and investment for 1981 well below probable inflation levels for the year.

The budget covers the Ministries, Federal banks such as the National housing bank and National Economic Development Bank, and 382 State companies in which the Government holds a complete or majority shareholding.

Total expenditure by all these bodies in 1981 will be Crs 6.844 trillion (million million) (£42.5bn). This is 72.7 per cent up on 1980.

But the rate of inflation last year was 110.2 per cent according to official figures released by the Government's Getulio Vargas Foundation, and both the Government and the business community are expecting no more than a slight decline in 1981.

Of the total expenditure figure, Crs 1.215 trillion is allocated to investment — an increase of 75.1 per cent on 1980.

Total foreign borrowing cannot exceed £2.57bn this year. Of this total, £1.6bn is for the companies and the remainder is for the State banks. The total for the companies represents a nominal increase of 25 per cent over 1980, enough to cover about 92 per cent of their repayments of interest and principal on existing foreign debt this year.

This restriction reflects the Government's intention to oblige the state companies to generate higher revenues and use more of their own resources. The Government will therefore follow a freer prices policy this year than in 1980, and price increases will at least keep pace with inflation.

In some cases, such as the energy sector, real profits are expected to be made by State companies. The result, according to the Government, will be that the proportion of the companies' own resources invested will increase from last year's 21.6 per cent to 33.9 per cent in 1981.

Of the 382 State companies, six will be responsible for 70 per cent of total investments. These are the petroleum company, Petrobras, the steel company Siderbras, telecommunications holding company Telebras, power concern Eletrobras, Itaipu, the $15bn hydro electric dam project, and the nuclear energy company Nuclebras.

Federal oil tax angers Saskatchewan officials

BY VICTOR MACKIE IN OTTAWA

SASKATCHEWAN officials are angry with the federal Government because the main U.S. customer for the province's south-western heavy oil has baulked at the higher price resulting from an increase of C$6 a barrel in the federal export tax.

The officials said yesterday that the increased tax would cause the closure of oil operations in south-western Saskatchewan. Mr. Elwood Cowley, the province's Mineral Resources Minister, accused Ottawa of incompetence. He said his federal counterpart, Mr. Marc Lalonde, the Energy Minister, had promised, after a similar incident involving Lloydminster heavy oil in October, that there would be prior consultation on future increases.

Saskatchewan had learned of the new increase through a Press release received on December 31, the day before it was to go into effect.

The Koch Industries refinery in Minnesota has reduced its imports of medium and heavy Saskatchewan crude by 25,000 barrels a day, from the normal winter level of about 90,000 b/d because of the price increase. No Canadian refineries are equipped to convert heavy oil, as Koch does, into a light crude to make petrol.

Koch is still buying the higher quality Lloydminster and Alberta oil. The south-western Saskatchewan field is bearing the brunt of the cut, which amounts to most of its production. The south Saskatchewan pipeline, which carries the oil over the border was turned off on Tuesday.

WHY THE DOW FELL 31 POINTS

The Granville panic on Wall St.

BY IAN HARGREAVES IN NEW YORK

JANUARY 7 will go down as Granville day in the history of Wall Street — the day when an overnight tip by one man threw the stock market into a panic of window-ledge proportions, and resulted in a record volume of share trades for the day.

But the day was also remarkable in that, for once, the well-paid men who sit down on Wall Street figuring out the whys and wherefores of the market appeared unanimous about the cause for the panic, which left the Dow Jones industrial average 31 points lower after five hours of trading — a dent as big as that caused by the Hunt silver debacle on March 27 last year.

The man behind the story is Mr. Joseph Granville, a 56-year-old former Wall-Streeter who once failed stockbroker aptitude tests for Merrill Lynch, the street's biggest investment company.

Granville, whose slicked-back hair gives him the appearance of a stage manager in a Fred Astaire film, runs the Granville Market Letter organisation from an insignificant Atlantic coast retirement community called Holly Hill, just north of Daytona Beach, Florida.

That newsletter, for which 10,000 subscribers pay $250 a year, was headlined in a Saturday issue, composed the previous day "Straight Up."

It continued, "The next 50 points (upwards) in the Dow will be a piece of cake."

The Dow closed at 963.99 that day, but by the middle of the day on Tuesday, the cake had been eaten and the Dow was, for a moment, 50 points or thereabouts higher.

So Mr. Granville prepared a notice to be communicated by telephone or telegram overnight to his special subscribers—those who pay an extra $500 a year for the "instant" service—which began: "Sell everything."

The effect on the market was quite remarkable. European subscribers or those to whom the advice was passed along through brokers had a head start and had already loaded Wall Street with sell orders before the market opened. After that, it was chaos all day.

Mr. Granville did not acquire this power without some effort and some luck. He was schooled at E. F. Hutton, one of Wall Street's largest firms, and for many years was just another forecaster.

But, since 1976, he has been on a winning streak. A former colleague, Mr. Robert Stovall, who now heads investment strategy for Dean Witter Reynolds, says this has created a knot of what he calls "Granville groupies" in every major U.S. city. These people, says Mr. Stovall, follow the Granville line and then pester their stockbrokers each day.

Mr. Stovall is not about to try to discredit Mr. Granville's methods, which are of the type Wall Street labels "technical." That is, he does not worry about the economy or the money supply — indeed he often publicly scorns analysts who do—he looks at data on prices, volume and other things from the market itself and works out what should be the buy and sell trigger points.

He has, by common agreement, called every major turn in the market in the last three and a half years. But to knock 31 points off the stock market and put money managers in fear of losing their shirts, you have to be more than right, you have to be well known.

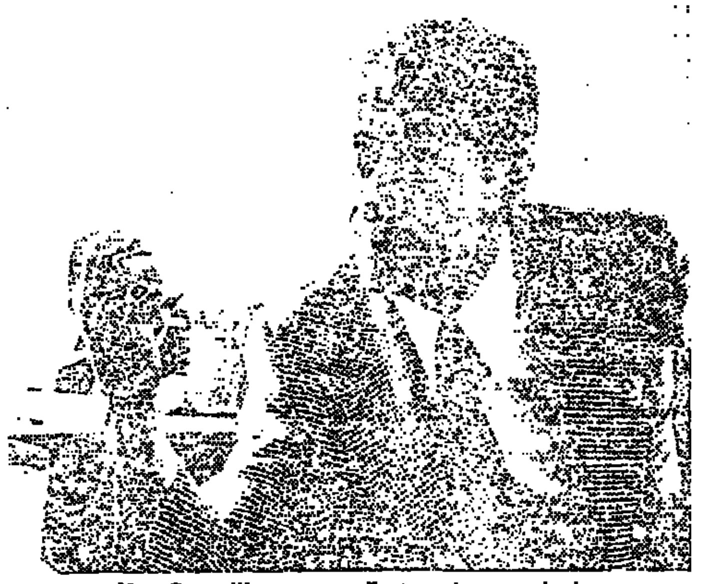
"He is an evangelist, a propagandist, a Dr. Goebbels of the stock market," says Mr. Stovall.

Certainly he is a canny publicist. Although not known as a great chatterer to the Press, he visits Wall Street weekly and appears at think-in seminars held by most major Wall Street houses.

At these shows, he has been known to mix song-and-dance routines (he writes songs, the best known of which is a satire on stock market losers called the Bagholders), and tells people he should be awarded the Nobel Prize for Economics. All good, clean fun in a business which can always use a little light relief.

But there are a couple of serious aspects. The most obvious is summarised in the question: Did Mr. Granville call the drop in the market or cause it?

The answer to that on Tuesday was a mixture of both, chiefly the latter. But, of course, that is something markets have to live with. If heroes are created, heroes will be followed—until, that is, they lose their powers.



Mr. Granville: some effort and some luck.

Cafe Royal was not impressed

BY MARTIN TAYLOR

MR. GRANVILLE brought his act to London in September last year, abandoning his usual performing habitat of Las Vegas for the faded charms of the Café Royal. Most of his audience, for a change, were not potential private clients; Granville believes that nearly half the people who hear him subscribe to one or other of his stock market services.

His audience in London was made up largely of professional fund managers, who came—and left, often early—with their prejudices intact. They did not, on the whole, like what they heard. Granville has many qualities, but modesty is not one of them, and he is fond of comparing his own stock market performance with that of the distinguished (and highly paid) employees of U.S. bank trust companies, to the detriment of the latter.

He is also, and more plausibly, seething about the U.S. stockbrokers who put their "little old lady" clients into something safe like AAA Utilities, just before a rise in interest rates. "She should have been short across the board," was Granville's posthumous advice to the little old lady.

Most of the journalists present, who were to lunch with Granville afterwards, expected him to relax his guard back-stage. They were disappointed.

The act went on with Granville chain-smoking, eating nothing, explaining that the Nobel Prize for Economics should come his way (for "cracking the stock market conundrum"), and that his grandchildren were learning the secrets of momentum indicators, non-conformations, and broadening fronts.

OVERSEAS NEWS

The West Bank's wounded hero holds court

King of Nablus comes home

DIGNIFIED PATRIARCHS, grubby children, demure young women and serious businessmen. They all line up to shake his hand, kiss his cheek and sit near him in the large hall, just breathing in his presence.

The object of this tribute is a smiling, pixie-like man sitting on a black armchair under a large banner which proclaims: "Bassem Shaaka—symbol of the struggle and leader of the generations."

The Mayor of Nablus is home, and holding court to a stream of well-wishers who mumble their thanks to God that he is alive and well seven months after a car bomb blew off his legs.

"No, nobody from the Israeli military Government has been to see me since I returned," he says shaking yet another hand. "Guards to protect me against another attack? We cannot have guards. The military Government says it is protecting us. I hope it is," he replies with a broad smile of disbelief.

The Israelis have stayed away because they do not know quite what to do with this indomitable little man who has become the symbol of fearless resistance to the occupation.

Mr. Shaaka threatens to become a major headache for the Israelis if he can carry out his declared intention of reactivating the National Guidance Committee, a broad-based body of West Bank leaders which co-ordinated the widespread protest against the Camp David accords.

Eighteen months ago only a few people had heard of Mr. Bassem Shaaka. But today he is the uncrowned king of the West Bank, following an abortive attempt by Israel to deport him, and the subsequent assassination attempt, apparently by Jewish extremists.

On Sunday he returned, after treatment in England, to a tumultuous reception. He told the enraptured crowds: "We will continue the struggle until we gain an independent Palestinian State under the leadership of the PLO."

Even before the bomb attack, the Nablus Mayor was the unofficial leader in the occupied territory. Now, after world-wide media coverage, and meetings with King Hussein of Jordan, President Hafez Assad of Syria, and Yasser Arafat, the PLO chairman, his status is publicly confirmed.

He kisses another proferred check and turns to politics. If the Labour Party returns to power in Israel, he says, it will make no difference. "The problems began with the Labour Party and continued in the period of the Likud (Premier Menachim Begin's party). The influential powers have not changed. Israel is like an army camp. Peres (the Labour Party leader) is not saying anything different than Begin."

Mr. Shaaka said: "Begin turned President Sadat against the Palestinians and now Labour wants to turn King Hussein against us. Camp David and the Jordanian option are the same. But Camp David is finished, drowned, like Noah's Ark. King Hussein will not join in the Camp David process."

Would Mr. Arafat be willing to live as a good neighbour alongside Israel? "Arafat said that he is willing, with super power guarantees, to live as Israel's neighbour.

How long will the struggle take? "Our aim is to build a nation in our land. We are like a tree in the ground. It will live in all weather. We hope we will quickly achieve our state and peace. But the time is not important—the final aim is the important thing."

His wife arrives—a handsome, smiling woman in an elegant grey coat. Wellwishers crowd around. Mr. Shaaka's grin broadens as he looks at her. Their cheerfulness is infectious, shutting out for a while the knowledge that their dream is still a long way from fulfilment.

Christopher in new hostage talks

ALGIERS — Mr. Warren Christopher, U.S. Deputy Secretary of State, began talks here yesterday with Mr. Mohamed Benyahia, the Algerian Foreign Minister, on the latest exchanges with Iran over the 14-month hostage crisis.

Mr. Christopher refused to make any statement to reporters when he arrived at Algiers Airport. "I do not wish to say anything more than I said last night in Washington," he told them.

Three Algerian intermediaries, who have been shuttling between Tehran and Washington for weeks, did not take part in the talks.

Before leaving Washington, Mr. Christopher said Iran and the U.S. seemed to be narrowing the differences between them—but the gap was still a large one.

Iran has demanded that the U.S. deposit $24bn (£10bn) with Algeria to guarantee that it will return both seized Iranian assets and wealth removed from Iran by the late Shah. Washington has called this unreasonable and pledged only to return about $5.5bn (£2.3bn) worth of frozen Iranian assets still under its control.

Tehran Radio yesterday attacked the "tough" policies of President-elect Ronald Reagan. A radio commentary said Mr. Reagan's "slogan of militarism" meant he was doomed to meet the same ignominious fate as Presidents Nixon and Carter.

Reuter.

Malays get £600m share in wealth

BY WONG SULONG IN KUALA LUMPUR

DATUK HUSSEIN ONN, the Malaysian Prime Minister, will start a significant phase of the Government's new economic policy today by transferring more than $M1.5bn (£600m) worth of Government-owned shares in corporations to the Malays.

The Government has pledged that by 1990 the economically backward Malays, who form 55 per cent of the 14m population, would own at least 30 per cent of the nation's corporate wealth.

The Malays presently own not more than 5 per cent of the corporate wealth (defined as shares quoted on the Malaysia stock exchange). The rest is held by Chinese and other non-Malays.

The Malaysian Government, and its agencies, have bought heavily into the private sector and today, the Prime Minister will sign the instrument, transferring part of this corporate wealth to Permodalan Nasional (the National Equity Corporation), which will be the vehicle for the equitable distribution of shares to the Malays.

Government-owned shares in such prestigious corporations as Malaysian Banking, Bank Bumiputra, Malaysia Mining Corporation, Sime Darby, Guthrie Corporation, Goodyear Malaysia and Highlands and Lowlands, will be transferred to Permodalan.

Using these as its backing, Permodalan will launch an open-ended unit trust scheme, where all adult Malays will be eligible to buy the units.

Namibia delegates accept formula

BY MICHAEL HOLMAN IN GENEVA

AFTER 36 hours of intense private negotiations the Geneva conference on Namibia found a formula which allowed delegates to start discussion of the UN's settlement plan for the territory.

At an open session late yesterday afternoon representatives of the South West Africa People's Organisation (SWAPO) led by Mr. Sam Nujoma, the South African delegation leader Mr. Dani Hough, administrator general of Namibia, and the conference chairman Dr. Kurt Waldheim, Secretary-eGeneral of the UN, took part in a carefully staged set piece and read lines from an agreed formula which satisfied the honour of all sides.

The dispute has revolved around the status of the internal Namibian parties, of which the Democratic Turnhalle Alliance, led by Mr. Dirk Mudge, is the most prominent.

Yesterday, after introductory remarks by the Secretary-General in which he stressed that the conference effectively involves two parties—South Africa and SWAPO—Dr. Hough read out a statement listing by name the internal Namibian parties "who are present here to discuss with the UN and to participate in the conference on an equal basis with those who would take part in the elections," scheduled to be held in Namibia under the UN plan.

Sabotage cuts power lines to S. Africa

By Quentin Peel in Johannesburg and Diana Smith in Lisbon

ELECTRICITY supplies from Mozambique's giant Cabora Bassa hydro-electric scheme to South Africa—one of the most important economic links between the two ideologically hostile neighbours — have been cut for more than a month because of sabotage to the 900-mile power lines.

The full scale of the disruption has been revealed by officials in Johannesburg and Lisbon, who confirm that no attempt has been made so far to repair the damage because of continuing security problems in Mozambique.

The sabotage, presumed to have been carried out by the dissident Mozambique Resistance Movement (MRM), has deprived South Africa of almost 10 per cent of the power supplies normally available to the Electricity Supply Commission (ESCOM).

Sr Antonio Martins, spokesman for Hidroelectrica de Cabora Bassa, the Portuguese company which runs the power plant, said in Lisbon yesterday that on December 6, two pylons, one on each of the twin direct current power lines to South Africa, had been blown up with explosive charges just south of Chimoio in central Mozambique.

Technical inspectors had managed to visit the scene of the explosions, having to walk several miles on foot "in the most difficult security conditions," Sr. Martens said. However, although the Mozambique Government had been fully informed, "the company's repair brigades have not yet been authorised to reach the scene of the incidents due to lack of security in the area."

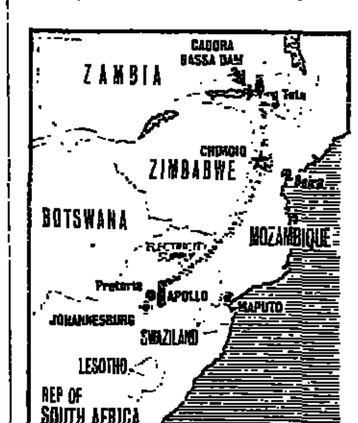
Repair work would take about two weeks once normal security conditions have been re-established, he said.

In the meantime, the company, which is 85 per cent Portuguese-owned, and in which the Mozambique Government has a 15 per cent stake, is losing some R149,000 (£83,000) a day in payments by ESCOM. Cabora Bassa supplies South Africa with 1450 MW, the only other outlet being a 220 Kv power line to the town of Tete, which only uses 3 MW.

A spokesman for ESCOM said the loss of power from Mozambique was not causing any serious problems, because the amount was well within the 17 per cent reserve normally allowed by the power generating authority.

The irony about the sabotage is that the Mozambique Government claims the Mozambique Resistance Movement is supported and supplied with arms and equipment by the South African Government. However, within Mozambique it is likely that the dissidents are very much a law unto themserves, although it is the first time the power lines have been successfully blown up.

The Chimoio area is considered the worst hit by security problems, and the main road from Maputo to Beira, which passes through here, is considered unsafe



WORLD TRADE NEWS

UK companies in £705m Baghdad water contracts

BY OUR WORLD TRADE STAFF

CONTRACTS worth £705m for new or improved water supplies in Baghdad have either been signed or are about to be signed. They involve local, French, Indian and UK companies.

● St. Gobain-Pont-à-Mousson, the diversified French industrial group, expects to finalise a £414m contract in the next few days for the strengthening and improvement of the Baghdad water supply system.

● Continental Construction of Bombay has signed a contract worth £237m for the design and co-ordination of the first phase of the Karkh water supply system. This is said to be the largest contract ever won by an Indian group for an international construction project.

● Paterson Candy International, a subsidiary of Portals Holdings, the UK water treatment and engineering group, is to supply and erect mechanical and electrical plant for the Karkh system. This deal is worth £54m and is thought to be one of the biggest UK supply contracts ever won in Iraq.

Continental Construction will work in a joint venture with the Iraq State Contracting Company for Water and Sewerage Projects as main contractors for the first phase of the Karkh development. Paterson Candy is sub-contracting for the joint venture.

The contract period for both the joint venture and Paterson Candy is five years. The French project will last for three years.

The joint venture will generate capacity to supply 300m gallons of water to Baghdad. It is at this stage that the French contract comes into play.

A significant portion of it concerns pipelaying, using 4,200 km of flexible piping to be provided by Pont-à-Mousson, one of the units in the St. Gobain group. These pipes will be carrying water generated from the Karkh development.

But the French project also involves the construction of five pumping stations on the Tigris River, with new iron ducting. This will be handled by Sobea, a company in the St. Gobain industrial division.

● Two contracts worth £40m have been won by Leyland Vehicles' specialist heavy vehicle business, Scammell. Iraq and Jordan have ordered several hundred military vehicles for delivery over the next two years.

Iraq will get 200 heavy recovery vehicles while Jordan has ordered tank transporters.

Poles 'may cut coal for West'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

POLITICAL upheavals mean that Poland's coal exports to the West could fall to only 11m tonnes this year — about 8m tonnes less than 1980 and 15m tonnes down on 1979, according to a study by Chase Manhattan Bank.

The report, by the bank's energy economics division, says that some of the shortages will be made up from Western stockpiles. But, at a minimum, there will be continued heavy demand for U.S. coal exports and increased demand for Australian coal. U.S. port bottlenecks will continue and heavy demurrage charges should be expected.

Poland exported 41m tonnes in 1979, making it the world's second largest international coal trader behind the U.S. Some 26m tonnes went to Western nations and 15m to Poland's Socialist allies.

However, supplies were disrupted last year by the September miners' strike and by work rule changes, such as the introduction of a five-day week, and the Polish Ministry of Mines has estimated 1980 exports at about 32m-33m tonnes.

Chase says the best that can be hoped for in 1981 is that Poland's hard coal production will equal the 1980 level of 190m-195m tonnes.

With coal providing about 85 per cent of the country's energy needs, domestic consumers will probably be given priority, so that the export market will bear the brunt of any shortfall—and socialist countries are likely to be given priority above the West.

"Western nations, principally in Europe, must be prepared to experience the full extent of any Polish coal production shortfall," it adds.

Exports to the West of only 11m tonnes would create difficulties but not lead to significant disruptions in economic activity. But a Soviet invasion which led to a loss of all Polish exports would raise serious concern.

New deal for Turkey creditors

BY METIN MUNIR IN ANKARA

THE TURKISH Government has introduced new incentives to encourage foreign suppliers with outstanding claims in the form of non-guaranteed trade arrears to invest their money in Turkey.

The suppliers can now get more Turkish lira for Turkey's debts to them in foreign currency and get it more quickly.

Turkey owes 6,700 suppliers $1.3bn. The Government has been unable to liquidate this debt owing to its foreign exchange crisis. A year ago, creditors were offered two options: Repayment in Turkish lira in up to two years or in foreign exchange in 10 years.

Under the latest amendment, claims holders owed less than one $1m will get 76.5 Turkish lira, instead of 66 for each dollar. Those owed more than $1m—these constitute the bulk of the suppliers—are being offered 81 Turkish lira for each dollar.

The system is automatic, adjusting the exchange rate so that claimants are not affected by adjustments in the value of the Turkish lira, which are made frequently.

Suppliers will also benefit from a clause in the amendment which allows the Foreign Capital Department to expedite payment. This means that suppliers will be able to get their money at once, instead of waiting for up to two years.

The only condition attached to the new scheme is that claimants invest their money in Turkey in the many fields open to them.

Go-ahead for India Exim bank

BY K. K. SHARMA IN NEW DELHI

INDIAN businessmen have welcomed the Government's decision to establish a statutory Export-Import Bank with an authorised capital of Rs 2bn (£105m). The decision meets a long-standing demand for boosting trade. It was announced in principle in the budget last June.

The bank will extend loans to exporters at terms softer than those attached to domestic credit and provide guarantees by itself or in consortium with commercial banks.

Officials say that the bank will function as the "lead bank" in financing and promoting exports, and will be the principal financial institution in the country to co-ordinate the work of allied organisations.

Apart from financing imports, the bank will have responsibility for merchant banking and development banking. It will also finance promotional activities, including counselling services.

U.S. Grand Jury inquires into alleged steel dumping

SAN FRANCISCO—A Federal Grand Jury investigation, believed to be the first of its kind, is under way into alleged steel dumping in the U.S. by Japanese companies, according to documents filed in the district court yesterday.

The documents concern efforts by the U.S. Attorney's Office to summon some employees of Mitsui (U.S.A.) before a grand jury next Tuesday.

According to the documents, the Grand Jury is investigating allegedly false declarations made to the U.S. Customs Service in order to disguise the fact that steel products imported from Japan are being sold to American customers at less than fair value. This is said to be contrary to the anti-dumping act of 1921.

Seven witnesses are the targets of the investigation, and the government is interested in immunising those who offer early co-operation which materially advances the investigation, the documents say.

AP

Indonesia and Britain 'end trade dispute'

By Richard Cowper in Jakarta

THE six-month-old trade dispute between Britain and Indonesia appears to be all but over. Mr. John Nott, Britain's new Defence Secretary, flew home from Jakarta after reaching agreement with President Suharto on mutually acceptable textile quotas for Indonesian garment exports to Britain for 1981.

Mr. Nott said he believed the dispute was over. The quotas on trousers, shirts and blouses still had to be accepted by the European Commission in Brussels, but he was optimistic.

The way was now open for British companies to resume negotiations on Indonesian contracts "worth several hundred million pounds."

The dispute, which broke out in July last year, when the EEC imposed quotas on Indonesian textile exports to Britain on the UK's behalf, had put about £150m-worth of British orders in jeopardy, and halted all new textile exports to Britain from Indonesia.

Indonesian officials are understood to have already given the go-ahead to an order for 25 British Leyland buses worth £3.5m which has been hanging fire since July.

The Indonesian Government has also authorised the grant of several public sector contracts to British companies for substantial amounts. These cover aircraft, agricultural and construction equipment and amount to a revival of the contacts breached by the dispute.

Indonesia can now resume exports of textiles to Britain—with at least some certainty as to how much it needs to send every month to fulfil its annual quota by the end of the year.

After two days of talks, Indonesia and Britain agreed on a quota for shirts, blouses and trousers of 2m for 1981. This was 3m less than the 5m which Indonesia had been asking for last year, and nearly 1.3m more than the quota imposed by the EEC on Indonesia last year.

If passed by Brussels, the quota on trousers (Category Six) will increase from last year's 315,000 items to 700,000 in 1981. Shirts (Category Eight) from 171,000 to 800,000, and blouses (Category Seven) from 225,000 to 500,000.

British officials kept in close touch with the EEC Commission during the two days of negotiations, which barring accidents, seems likely to accept the solution.

It is still possible that another member of the European Community will object to the agreement in the European Council, but this is thought unlikely.

Mr. Radius Prawiro, Indonesia's Trade Minister, who led the Indonesian negotiating team, said yesterday that the agreement reached was "the best Indonesia could get under the circumstances."

BOTB to boost export aid before Budget cuts

BY PAUL CHEESERIGHT

THE BRITISH Overseas Trade Board is embarking on an extensive programme of support for exporters taking part in trade fairs and missions duirng the first quarter of this year, in what appears to be a swansong before Budget cuts come into effect during April.

The promotional efforts of more than 3,700 companies will be helped during the first quarter compared with 3,400 companies in the same period of 1980.

This support is broken down into participation in 100 trade fairs and seminars in 22 countries, roughly the same level as last year.

Also, there will be 88 BOTB-supported trade missions to 44 countries.

For the rest of the year, however, the pace of BOTB activity could slacken as Budget cuts announced last May—which were sharply criticised by many exporting associations — come into effect.

The Government's plans for improving training programmes for workers have come under fire, writes **Patricia Newby** in Canberra

How the shortage of skilled labour is threatening Australia's development

ALMOST EVERY major industrialist and mining chief in Australia has given public warning that shortages of skilled labour will jeopardise the development boom projected for the 1980s. The Government last month outlined its plan for increasing the numbers of skilled workers but this, the Opposition Labor Party, leading industrialists and the financial Press agree, is too little, too late.

The number of skilled immigrants has already risen sharply, and last year exceeded 100,000 for the first time in seven years. Forty per cent more skilled workers arrived in the third quarter than in the corresponding period of 1979, while the numbers of skilled workers in the metal and electrical trades rose by 46.5 per cent.

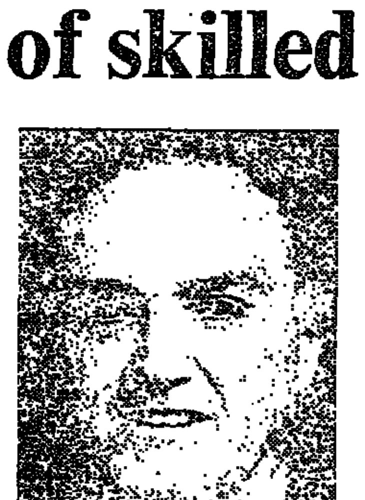
Sir James McNeill, chairman of Australia's mining and industrial giant BHP, has forecast that competition for scarce labour will be the biggest single obstacle to development, and will have far-reaching economic implications.

As the resources sector offers higher wages to attract workers, Australia's largely inefficient manufacturing sector will be forced to compete—to its detriment—and inflation will soar.

Sir James Foots, chairman of the mining company MIM Holdings, said earlier this year: "The danger signals are already quite clear. Australia cannot afford the luxury of failing to train its people to match the changing needs of industry and commerce."

Mr. James Kirk, chairman of Esso Australia, a partner in the proposed Rundle oil-from-shale project, estimates that about 8,000 people would be required for Rundle, with another 2,000 to 4,000 to develop it. But the engineers and tradesmen Rundle needs, he says, "are just not going to be available."

Rundle will be competing with other projects such as exploitation of natural gas off the north-west continental shelf, where an estimated 4,500 skilled workers at least will be needed over the next five years.



¶ Competition for scarce labour will be the biggest single obstacle to development ¶—Sir James McNeill, left.

Then there are 18 power stations, five aluminium smelters, possible plants for coal-to-oil conversion and uranium enrichment, and the rapid development of coal, uranium and other mineral deposits, as well as projects outside the resources sector—like the present boom in hotel building.

Outlining the Government's strategy on manpower for the 1980s, Mr. Ian Viner, the Minister for Employment and Youth affairs, told Parliament last month that direct employment in the construction industry alone would lead to 60,000 new jobs by 1985.

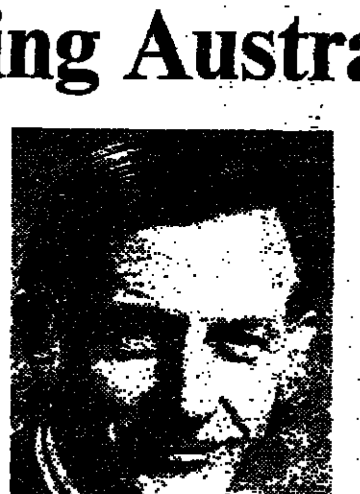
Ironically, 6 per cent of the Australian labour force are out of work. Mr. Viner, in fact, acknowledged there was political pressure on the Government to do something about unemployment when he said: "It would be irresponsible for large numbers of Australians to be bypassed—especially school-leavers and young unemployed Australians—for lack of a responsible training effort by industry and Government."

The Government has until now maintained that the private sector is responsible for training its workers. The Government's role has been to try to create a favourable environment for investment.

But although some large corporations are training record numbers of apprentices, they cannot provide for the whole economy for the next decade.

The measures announced by Mr. Viner last month still place most of the onus for training on private enterprise. The policy focuses on three areas: the need for developers to forecast their labour needs; a review of the apprenticeship system; and Government assistance to employers who provide training.

In future, the federal and state governments and the Foreign Investment Review Board will require developers to provide detailed assessments of what workers they need and how they are training them before the Government approves a project.



¶ Employment in the construction industry alone will lead to 60,000 new jobs by 1985 ¶—Mr. Ian Viner, left.

Where developers agree to training programmes which make a significant contribution to the supply of skilled labour, the Government will make available "a substantial package of manpower support services." Gifts to technical and further education institutions will be made tax-deductible, and rebates of up to A$1,000 (£500) a year will be given to companies for each apprentice employed in approved trades.

Exactly how the apprenticeship system can be overhauled has not been detailed, but employers and unions both have a vested interest in keeping the present restrictive system. Employers benefit from cheap skilled labour in the last years of an apprentice's indenture, and unions benefit from the limitations which preserve privileges for a small number of tradesmen.

The Government acknowledges that immigration is a safety valve. As wages rise, more foreign workers will be encouraged to migrate, in turn depressing the wages spiral.

Employers have made a record number of applications to sponsor skilled migrants—in the September quarter last year applications were 64 per cent higher than in the same period of 1979.

The Immigration Department is reviewing its criteria for immigrants, and will almost certainly attach more importance to what employment is available, turning away from the present emphasis on personal attributes, family reunion and language.

The Government will also decide soon whether to employ more immigration staff to process the estimated 20,000 applications by skilled would-be immigrants.

Guest workers are another possibility. The unions oppose the idea, and a government official said: "It's just not on." But evidence exists that a compromise is being reached. The computer industry, desperately short of skilled workers, is contracting Indian companies to do specific computing jobs. The workers fly in, with temporary residence visas, do the work, then fly back home again.

هكذا من الاصل

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Laker receives his first European A-300 Airbus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR FREDDIE LAKER, chairman of Laker Airways took delivery yesterday of the first of his ten European A-300 Airbuses, after signing a $131m (£55.27m) loan package to cover the first three aircraft.

The loan was arranged by a consortium of banks led by Midland Bank International, covering 90 per cent of the purchase price of the three plus spares of $144m. The rest is put up by Laker Airways.

The loan deal, described as "unique," was heavily oversubscribed by the banks, and is for ten years at a fixed interest rate of "about 10 per cent."

The loan is "substantially supported" with both guarantees and interest rate commitments by Airbus Industrie and its partners, including British Aerospace, which has a 20 per cent stake in Airbus Industrie.

Sir Freddie considers this highly satisfactory. But had British Aerospace not been a partner in Airbus Industrie the airline might have been able to get an even more favourable interest rate through a "soft loan," the Airbus then counting as an export to the UK from the partner-manufacturing countries of France and West Germany.

The airline, he said, could have got such a soft loan by buying a U.S. jet such as the Boeing 767. "But we preferred to stay with the Airbus, because we think it is a wonderful aeroplane."

With the current loan, other loans on DC-10 purchases, and progress payments on the other seven Airbuses on order, Laker Airways' indebtedness is about £250m.

The airline is highly profitable. In the six months to the end of September last year it earned $50m (over £11m) profit.

For 1981 as a whole forward bookings and charter commitments already show a 50 per cent rise on 1980, when passenger traffic was 1.98m, against 1.6m in 1979.

Laker will take delivery of its second Airbus in February and the third in May. The next three come in 1982, and two a year in 1983 and 1984.

The first will be based at Gatwick, and carries commercial passengers from tomorrow. The second will be at Manchester and the third in Berlin for charter traffic.

● British Airways refuted suggestions yesterday that it was allowing its ticket desk staff to cut fares to win business.

"BA works through ABTA and other accredited agents, and we stick by the rules," said the airline. Only in certain areas of the world where no Government or International Air Transport Association rules on fares applied was it necessary to indulge in fares-cutting.

Guy de Jonquieres on Codex's purchase of part of Cole Electronics

U.S. eyes the European electronics market

FOR MUCH of the 1970s, the U.S. was an often rewarding corporate hunting ground for European electronics manufacturers, lured by opportunities to buy into high technology businesses in a vast and rapidly expanding market.

The reasoning behind Codex's purchase of the Data Products division of Cole Electronics suggests that the process may be starting to work both ways, and that in some American eyes the potential on this side of the Atlantic looks at least as attractive as the prospects at home.

Mr. Arthur Carr, president of Codex, is excited about the outlook for data communications in Europe, and particularly in the UK. He believes that after lagging for years behind the U.S., the European market is on the verge of a boom which may exceed even American growth rates during the 1980s.

His optimism is supported by a recent study by Logica, a British computer consultancy, which forecasts that the number of data communications terminals in use in Europe will grow to almost 4m in 1987 from only 625,000 at the start of 1979.

The annual rate of growth, at 26 per cent, is higher than the 20 per cent widely forecast for the U.S.

This projected expansion results from the convergence of several powerful commercial and technological forces. As computers become cheaper, more and more businesses are linking them into communications networks which can move large volumes of data at high speeds from one office to another.

Increasingly, networks are being used not just for traditional data processing but for connecting devices like word processors, facsimile machines and even copiers.

This trend is being encouraged by the latest advances in communications technology, which enable speech, text, graphics and even television transmissions to be handled in the same digital form.

Banks, along with airlines and large multinational companies, have been among the heaviest users of data networks. Their needs will continue to grow rapidly, but the falling cost of the technology will also make it more available to smaller businesses and private homes in the next decade.

In Britain, the Government's plans to relax British Telecom's monopoly over the next three years is expected to supply additional stimulus. While it is still not clear exactly how the relaxation will work, Mr. Carr and others believe it is bound to loosen up the tightly restricted telecommunications market.

Codex is one of the world's biggest independent suppliers of data communications equipment, with sales last year of more than $100m (£41.6m). It manufactures a wide range of products, including devices for coupling different types of terminals to communications networks, diagnostic and test equipment, data security devices, speech scramblers and complex communications terminals.

Founded in 1962 and taken over by Motorola in 1977, Codex has been linked with Cole Data Products for some years. The latter company, which has about 100 employees in five UK offices, has acted as distributor and provided support and maintenance for Codex products in Britain.

According to Mr. Carr, Codex plans to expand the range of products distributed in Britain and to build up its services and support operations here. Codex expects to work closely on new product developments with Motorola's manufacturing subsidiary in Britain, as well as buying some supplies from Cole's production division, which it is not acquiring.

Initially, Codex is expected to focus most of its marketing effort on the UK, where it is developing a network for the Trustee Savings Banks to link more than 1,000 bank branches.

Mr. Paul Rosenbaum, Codex's international vice president, also expects to win new business from the local subsidiaries of U.S. multinationals, as Britain is the "natural hub" of their European communications networks.

The company also hopes to step up progressively its sales to Continental markets. But these may prove a tougher nut to crack. Most are tightly controlled by national telecommunications authorities (PTTs) still enjoying extensive monopoly powers and often fiercely protective of their domestic suppliers.

Mr. Rosenbaum is fully aware of the nationalistic obstacles facing a U.S. company seeking to break into the closed circle of European telecommunications suppliers but is undaunted by them. "We must sell directly to the PTTs and offer them products that are beyond the capability of their domestic industries."

Output will pick up, says report

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OUTPUT will not go on falling at its present rate, but should at the end of the year be higher than at the end of 1980, the London Business School argues in its latest economic analysis.

The analysis looks at the causes of the recession and the prospects for 1981.

The Business School points out that an unusual feature of the recession so far has been that final demand has been comparatively stable but that intermediate demand has fallen as companies have cut back on stocks. This has led to the sharp drop in output.

Stocks cannot fall for very long at their present rates, the analysis claims, and when they start to fall more slowly the reduced flow of goods out of inventories must be offset by an increased flow of goods off production lines or through the ports.

"Provided final demand does not collapse, it only needs stocks to fall less fast for output (and imports) to pick up."

"Unfortunately, there are indications that the prospects for final demand are now less favourable." In particular there is little likelihood of an upturn in the world economy before the second half of this year and the delayed effects of the severe loss of competitiveness will continue to reduce UK exporters' market shares throughout the year. Export demand is therefore likely to fall significantly.

The outlook for domestic demand is more uncertain. The lower level of wage increases and the fall in employment may dampen demand and activity.

Overall, the Business School notes that the prospects for final demand, on the official view have deteriorated more than the prospects for output. In contrast with last year, 1981 will see some bounce-back in stock-building offsetting the all-in final demand and moderating its effect on output.

● Several features of Government policy are strongly criticised this morning by economists usually thought to be in sympathy with its general thinking.

The latest issue of the Journal of Economic Affairs, edited by the market-oriented Institute of Economic Affairs, contains a number of articles criticising the Government for being too slow and hesitant in meeting its objectives. There are also a number of articles, though fewer, defending the Government.

The tone is set in an editorial by Mr. Arthur Seldon, who argues that "the more post-war British public policy is examined—from state influence in industry to the National Health Service—the more the unpalatable truth emerges: if we expect Government to solve problems we are landed in the arena of party politics in which the public interest does not prevail."

The journal, which was launched last October and comes out quarterly, is published by Basil Blackwell, 108 Cowley Road, Oxford.

Company failures a record last year

By Andrew Fisher

THE PRESSURES on British industry produced a record crop of insolvencies last year, with company liquidations up by over 50 per cent to 6,814, according to credit information specialists Dun and Bradstreet.

The figures, which precede official data from the Department of Trade, show that business failures reached a peak in the last quarter, when there was a rise from 1,502 in 1979 to 2,068.

Insolvency specialists estimate that the accountancy profession's fees from liquidations, receiverships and work aimed at preventing company failures rose by £10m last year to about £40m.

Dun and Bradstreet said personal bankruptcies rose by almost a tenth last year, the first consistent reversal of the falling trend since 1976.

Although a record number of companies failed, there was a near 7 per cent rise to 87,000 in the number of new companies registered last year. In addition, over 143,000 new firms (proprietorships or partnerships) were registered, a rise of 6.5 per cent.

Trade Indemnity, the credit insurance company, also published figures yesterday showing a 70 per cent rise to 2,237 in the number of business failures with its own policyholders were involved.

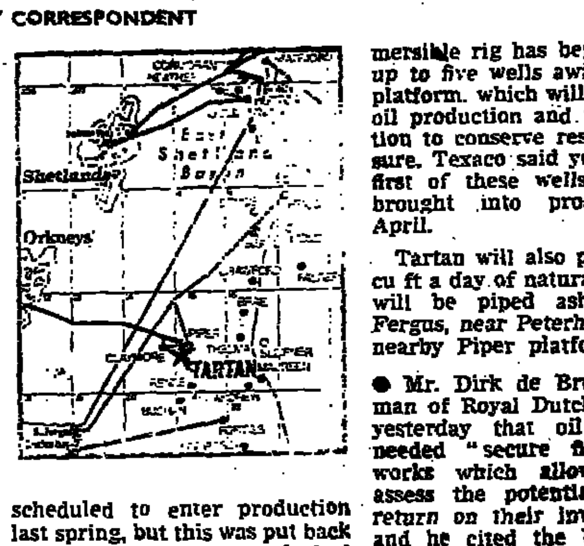
Engineering and metals, along with textiles and clothing, were sectors where failures more than doubled.

Although the Trade Indemnity figures show that failures levelled off in the final three months, they were at their highest levels then for building, engineering, and retail and wholesale distribution.

Tartan boosts North Sea output

BY MARTIN DICKSON, ENERGY CORRESPONDENT

NORTH SEA oil production received a significant boost yesterday when Texaco's Tartan field came on stream — the 18th UK field to start production.



Texaco, which has 100 per cent ownership of the field, said the initial flow would be restricted to about 10,000 barrels a day while oil filled the 18.5-mile pipeline to the Claymore field platform. Tartan crude is being brought ashore through a pipeline from Claymore to Flotta in the Orkney Islands.

Tartan, which lies 110 miles north-east of Aberdeen and cost £250m to develop, is unofficially estimated to have 240m-300m barrels of recoverable reserves. At peak production, which could be reached next year, it should have an output of nearly 90,000 b/d, making it a medium-sized field for the North Sea.

UK output, running at about 1.6m b/d, has been virtually static for the past year because of limitations on gas flaring, technical production problems and delays in fields coming on stream.

Tartan was originally scheduled to enter production last spring, but this was put back to summer because of bad weather and other delays.

To counter these delays the company has changed the field's development programme. Originally it had planned to drill all Tartan's production wells from its single fixed steel platform.

But now a floating, semi-submersible rig has begun drilling up to five wells away from the platform, which will be used for oil production and water injection to conserve reservoir pressure. Texaco said yesterday the first of these wells should be brought into production by April.

Tartan will also produce 60m cu ft a day of natural gas which will be piped ashore to St. Fergus, near Peterhead, via the nearby Piper platform.

● Mr. Dirk de Bruyne, chairman of Royal Dutch/Shell said yesterday that oil companies needed "secure fiscal frameworks which allow them to assess the potential risk and return on their investment"—and he cited the UK's recent North Sea tax increases as an example of the problems faced by the industry.

He told a meeting of the London-Europe Society that "although squeezing a goose may encourage her to lay more golden eggs, if you squeeze too tightly she will stop producing altogether."

180 more jobs to go in Paisley

Financial Times Reporter

A FURTHER 180 jobs will be lost in Paisley, Scotland, where unemployment is already over 11 per cent, when Allied Suppliers transfers its office staff to South Shields.

This follows the loss of 330 jobs last month when J&P Coats declared 250 redundancies and a turkey farm also closed with the loss of 80 jobs.

The Allied Suppliers closure is aimed at improving efficiency as 75 per cent of the company's administrative work is already done at South Shields.

However, it has also announced that 500 jobs will be created over the next 12 months in retail outlets throughout Scotland in a £9m expansion programme.

● The Ford Motor Company is to start lay-offs again in the transmission plant at its £150m car factory at Halewood on Merseyside from next Monday.

The company said last night it would be a gradual process building up to the last week in this month when, from January 26, 2,000 men will be laid off for a week. This represents virtually the entire transmission labour force.

● Twelve hundred school meals staff in Norfolk will be made redundant as part of the Education Committee's £2½m economy drive. Kitchens in nearly 400 primary schools will close.

● Neary 500 workers from British Steel's Victualic factory in Huntingdon have gone on a four-day week.

● Herberger Brooks of Long Eaton, Derbyshire, manufacturer of piano actions and keyboards, is to make 95 workers redundant, about a fifth of the workforce, because of a "severe crisis in the piano industry."

Alcohol fill-ups opposed

BY MARTIN DICKSON, ENERGY CORRESPONDENT

ROAD SAFETY officials yesterday strongly attacked oil companies which are considering selling alcohol at filling stations.

Mr. Mike Read, director of road safety at the Royal Society for the Prevention of Accidents, said: "This plan must be nipped in the bud before the idea spreads any further."

Jet Petroleum said that it had asked a brewery to see if it was worthwhile selling alcohol at its stations. Only about five looked worth trying. A decision had yet to be made. Jet said it sold alcohol at four filling stations in South Yorkshire which it acquired last year from Globe group.

Petrofina said that it recently applied for licences to sell beer and wine at two stations to test the market. Both applications were rejected.

British Petroleum said it was looking at the question but still had an "open mind."

RoSPA said that it "totally opposed such moves which can only lead to more drink driving offences. While accepting the view that the reasonable motorist will not see this as a temptation to drink and drive, RoSPA feels that such a development will encourage many young motorists to do so."

UK CAR REGISTRATIONS

	December 1980	%	December 1979	%	12 months ended December 1980	%	12 months ended December 1979	%
Total UK produced	28,520	55.94	26,835	40.09	655,442	43.30	750,365	43.72
Total imports†	22,465	44.06	40,095	59.91	858,319	56.70	965,910	56.28
Total market	50,985	100.00	66,930	100.00	1,513,761	100.00	1,716,275	100.00
Ford*	17,665	34.65	20,728	30.97	464,706	30.70	485,559	28.29
BL*	11,312	22.19	10,803	16.14	275,798	18.22	336,984	19.63
PSA—Talbot*	3,366		4,361		90,874		119,433	
Citroen	618		1,431		27,006		34,015	
Peugeot	608		1,321		24,333		37,980	
Total PSA	4,592	9.01	7,113	10.63	142,213	9.39	191,428	11.15
General Motors—Vauxhall*	3,992		3,721		109,218		112,398	
Opel	604		945		22,870		27,216	
Other GM	20		75		990		1,330	
Total GM	4,616	9.05	4,741	7.08	133,078	8.79	140,944	8.21
Datsun	74	0.15	7,406	11.07	91,893	6.07	102,395	5.97
Renault	4,174	8.19	4,076	6.09	88,343	5.84	93,468	5.45
VW Audi	2,260	4.43	2,716	4.06	68,285	4.51	76,288	4.44
Fiat Auto—Fiat	884		1,977		45,267		70,626	
Lancia	191		199		6,032		8,951	
Total Fiat Auto	1,075	2.11	2,176	3.50	51,299	3.39	79,577	4.64
Volvo	1,265	2.48	1,380	2.06	38,283	2.53	36,583	2.13

* Includes cars from companies' Continental associates not included in the total UK figure
† Includes cars from all sources including cars from Continental associates of UK companies

Source: Society of Motor Manufacturers and Traders

The Conservatives who wrecked Heseltine's budget plans

Robin Pauley examines council resistance to cuts

THE FULL extent to which Conservative-controlled councils wrecked an attempt by Mr. Michael Heseltine, the Environment Secretary, to reduce council spending by asking authorities to file revised budgets in the summer has now been uncovered.

Total cuts in spending plans of £78m, on one price base, were all but wiped out by councils, most of them Conservative controlled, which increased their budgets by £70m.

Mr. Heseltine's move was designed to persuade councils to make cuts if their budgeted expenditure was over the Government's target for 1980-81, and either cut further or stand still if they were on or below target. But 106 councils actually increased their budgeted expenditure in the revised budgets. Of these, 57 were Tory-controlled compared with only 24 Labour councils, two Liberals and 23 others.

It was this highly embarrassing result which signified both the economic and political failure of an initiative which was forced on Mr. Heseltine by the Treasury in spite of warnings by local authority leaders and civil servants that it would backfire.

The result infuriated Mr. Heseltine and caused both him and Mr. Tom King, his junior Minister, suddenly to drop their incessant repetition of the political line that it was Labour councils which refused to cut spending and Tories which toed the line.

Revised budgets were called for because the original budgets indicated that councils in England and Wales would over-spend the Government's targets by £740m, or 5.6 per cent, in 1980-81. But this ignored an underspend of £200m on revenue contribution to capital outlay and ignored the fact that councils always over-budget at the beginning of the financial year and end up on target (and occasionally slightly below) at the end of it.

There is now a likelihood of a slight overspend (1 to 2 per cent) this year, and if this is the case the exercise allowing councils the opportunity to revise their budgets upwards will be partly to blame.

The published results were in a form which made it difficult to see, on a comparable base, exactly who had done what compared with the original 1980-81 budgets. Now a parliamentary question by Mr. Allan Roberts, Labour MP for Bootle, has finally forced the Government to publish the revised budget figure for every authority in England and Wales on the same base as the budget expenditure figures published by the Chartered Institute of Public Finance and Accountancy in the Financial, General and Rating Statistics.

English councils which increased their 1980-81 budgets by £1m or more when revised figures were called for to cut spending plans.

	£m	
Leeds	+8.301	Lab.
Derbyshire	+6.257	Con.
Gtr. Manchester	+5.540	Con.
Norfolk	+4.903	Con.
Birmingham	+3.460	Lab.
Northamptonshire	+3.362	Con.
Essex	+2.940	Con.
Shropshire	+2.350	Con.
Hammersmith/Fulham	+2.050	Con./Lib.
Merseyside	+2.028	Con.
Kent	+2.008	Con.
Liverpool	+1.355	Lib.
Isle of Wight	+1.301	Con.
Hereford and Worcester	+1.292	Con.
Gateshead	+1.215	Lab.
Barnsley	+1.195	Lab.
Avon	+1.128	Con.
Northumberland	+1.095	Con.
Berkshire	+1.040	Con.
Total	£52.820m	

Each authority was given a "target" figure and it was here that the whole exercise turned into a debacle. To begin with, 39 councils which saw their budgets were under the target figure decided to increase their projected spending figure, in most cases to bring them within a fraction of the target figure. Of these, 28 were Conservatives and seven were Labour, with four others. They ranged from Northamptonshire and Kent County Councils which added £3.362m and £2.008m respectively to budgets, down to Southampton which added £8,000.

Seven councils increased their budgets so precisely that their revised figures brought them exactly on to the Government's target. They were Northamptonshire (Con), Wakefield (Lab), Croydon (Con), East Devon (Con), Dartford (Lab), North Norfolk (Ind), and Chichester (Con).

The exercise collapsed in Conservative political terms on another front. Some 19 authorities increased their budgets by £1m or more, adding £52.8m to the overall expenditure budgets. They were 13 Tory councils, four Labour, one Con/Lib coalition and one Liberal.

Yet more grief for the Government appears in the analysis of the shire county council budgets. This is the most solid phalanx of Conservative support in the country, all but one (Durham) of the 39 shire counties in England being Tory-controlled. But 12 increased their budgets and another 13, including Durham, refiled the same figures although every one was above the target figure.

On the more positive side, from the Government's point of view was that Tories were well to the fore in the council which cut £1m or more from their original budgets. They were led by Devon (£8.001m down). But the big cutters included some of the Government's betes noire — Sheffield (Lab) cut £3.773m, Newcastle (Lab) cut £3.050m, Manchester (Lab) cut £2.273m and Tyne and Wear (Lab) cut £2.189m. Other Tory councils which cut heavily included West Yorkshire (£3.260m), Hampshire (£2.8m), Nottinghamshire (£2.38m) and Surrey (£2.284m).

Even some of those that have worked hardest to help the Government have had no thanks. Hampshire, already underspending, cut an extra 2.8m from its budget to put it 2 per cent under the Government's target figure.

Councils more than 15 per cent overspent on the Government's target after revising budgets.

		%
Bristol	Lab.	51.0
Scunthorpe	Lab.	46.4
Redditch	Con.	39.6
Crawley	Lab.	30.7
Ipswich	Lab.	28.4
Chorley	Con.	28.3
Kingston-upon-Hull	Lab.	26.1
Milton Keynes	Con.	24.1
Hackney	Lab.	21.5
Peterborough	Lab.	21.3
Harlow	Lab.	21.2
Preston	Lab.	20.7
Tower Hamlets	Lab.	19.0
Mansfield	Lab.	18.8
Cannock Chase	Lab.	18.6
Melton	Con.	18.4
Fareham	Con.	18.0
Langbaurgh	Lab.	17.8
Chester	Con.	17.4
Wear Valley	Lab.	16.9
Newcastle-upon-Lyme	Lab.	16.9
N.W. Leicester	Lab.	16.4
Booth Ferry	Con.	16.2
Castle Morpeth	Ind.	16.0
Wyre Forest	†	15.9
Reigate and Banstead	Con.	15.8
Forest Heath	Con.	15.4
Burnley	Lab.	15.0

† No overall control.

Its reward was a penalty of £4m lost grant (as its share of £300m being withheld from all councils as a general "overspending" penalty). Although many councils get more money under the new system of grant distribution, Hampshire will next year lose an estimated £2.15m.

Another glimmer of consolation for the Government was that Labour councils still outnumber Conservatives in the list of those exceeding the target figures by the greatest percentage. Of the 49 councils still more than 10 per cent above the target, 27 are Labour, led by Bristol (51 per cent over), 15 are Conservative, one Liberal and six others.

The extent of the collapse of this initiative upset Mr. Heseltine so much that he locked the figures in a safe at the Environment Department when they started going wrong (which did not prevent them from leaking).

The main reason for the misfire was the underestimation of the number of authorities that would grab a second chance to revise upwards their pay and price inflation provision if they felt they had underestimated them in the first place. The Government also overestimated the extent to which loyal Conservatives would be prepared to go on and on cutting their expenditure without blinking.

The most significant result of the exercise is to underline the extreme danger of setting individual target figures. They are, as was proved by 39 councils, an open invitation and encouragement to spend up to the "approved" level.

This is a very bad omen for the start of the new block grant system of distribution of central government grant to councils. Each council will be given a figure—its grant related expenditure assessment—on which grant will be calculated. This figure is the Government's calculation of what a council will need to spend to provide a comparable standard level of service with other councils.

The temptation, not to mention political pressure, on councils spending below their assessment will be to spend up to the figure, attracting the full amount of grant at the same time.

Councils underspending which decided to increase their budgets when they saw how far under target they were.

Council	Political control	Budget increase	Percentage under target after revising budget %
Northamptonshire	Con.	+£3.362m	0.0
Kent	Con.	+£2.008m	−0.3
Oxford	Lab.	+£848,000	−0.7
Wakefield	Lab.	+£775,000	0.0
Bromley	Con.	+£774,000	−0.5
Croydon	Con.	+£613,000	0.0
Southwark	Lab.	+£459,000	−0.2
Havering	Con.	+£395,000	−0.2
Kensington and Chelsea	Con.	+£385,000	−0.1
Chichester	Con.	+£316,000	0.0
South Oxfordshire	Con.	+£277,000	−3.4
Reading	†	+£276,000	−2.4
North Norfolk	Ind.	+£228,000	0.0
South Bedfordshire	Con.	+£192,000	−0.2
Blackpool	Con.	+£187,000	−0.3
Eastleigh	Con.	+£177,000	−1.7
East Devon	Con.	+£134,000	0.0
Barnet	Con.	+£132,000	−0.2
Wellingborough	Con.	+£119,000	−0.3
Erewash	Con.	+£115,000	−0.1
North East Derbyshire	Lab.	+£110,000	−0.1
Dartford	Lab.	+£102,000	0.0
Crewe and Nantwich	†	+ £98,000	−3.4
Spelthorne	Con.	+ £96,000	−1.6
West Norfolk	Con.	+ £57,000	−1.4
Thamesdown	Lab.	+ £53,000	−2.0
Suffolk Coastal	Con.	+ £49,000	−1.5
Hambleton	Ind.	+ £46,000	−0.3
Blaby	Con.	+ £43,000	−0.6
Luton	Con.	+ £35,000	−0.9
Horsham	Con.	+ £33,000	−1.0
Scarborough	Con.	+ £28,000	−3.3
Vale of White Horse	Con.	+ £26,000	−0.8
Canterbury	Con.	+ £26,000	−0.1
Darlington	Lab.	+ £24,000	−0.6
Poole	Con.	+ £17,000	−1.4
Windsor and Maidenhead	Con.	+ £8,000	−0.3
Southampton	Con.	+ £8,000	−1.6
Northampton	Con.	+ £2,000	−2.0
Total		+ £12.612m	

† No overall control.

In an attempt to avert this danger the Government changed to the expenditure assessment from "standard expenditure" half way through the passage of the Local Government Planning and Land Bill, feeling that the word "standard" was too likely to encourage councils to use the figure as a target to aim up as well as down to.

It is not likely that councils or their treasurers are as easily side-tracked as this. If they are not, and decide to take the target figure as a base norm, block grant will prove to be inflationary in a way which nobody, least of all the Government, imagined when it was introduced as a Bill a year ago.

Court to hear Kagan plea for cut in fine

By Raymond Hughes, Law Courts Correspondent

LORD KAGAN, who is serving a ten-month jail sentence for theft and false accounting, will ask a High Court judge today to reduce the £105,000 fine imposed on him last month.

The jail sentence and fine were imposed at Leeds Crown Court after Lord Kagan pleaded guilty to four counts of stealing indigo dye from Kagan Textiles and three counts of false accounting.

He was also ordered to pay up to £30,000 towards the prosecution costs and disqualified from acting as a company director for three years.

Mr. Justice Jupp, the trial judge, was told that Lord Kagan had made restitution of £73,000 to Kagan Textiles.

He gave the peer and his lawyers 28 days in which to provide the court with proof of the restitution, intimating that in that event he would consider reducing the fine by the amount repaid.

Sentencing Lord Kagan, the judge said he had stolen dye from Kagan Textiles, taken advantage of the controlled price in the UK to sell it on the booming world markets, and diverted the proceeds to secret Swiss bank accounts.

Plea on Civil Service dispersal

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AN ALL party committee of MPs yesterday called for more positive government action to ensure that there are no further cuts in the number of Civil Service jobs to be dispersed to Scotland and no further delay before the moves take place.

Mr. Donald Dewar, chairman of the Select Committee on Scottish Affairs, said evidence given to the committee showed cynicism and scepticism about the failure of successive governments to carry out the policy of moving jobs from London.

Up to now the interests of individual departments had been allowed to override the overall policy of dispersal, he said. Unions had told the committee of "systematic delay and obstruction by Whitehall mandarins out to protect their SW1 village empires."

The committee's report traces the history of the dispersal programme from the Hardman Report of 1973. At one time it was suggested that 7,000 jobs be moved to Scotland; now the figure has been cut to 2,050.

No jobs have yet been transferred to Scotland, although the first 650 from the Overseas Development Administration and the Crown Office pensions department are due to move to East Kilbride shortly.

A further 1,400 Ministry of Defence jobs are scheduled to move to Glasgow, to a new building to be constructed on the St. Enoch's site in the centre of the city, which is being redeveloped for offices, hotels, shops and an ice rink.

Mr. Dewar said the committee was afraid there could be delays in a major development of this kind which would further put off the transfer of jobs.

● The number of Government sponsored jobs approved in Northern Ireland last year rose by 400 on the previous year to 7,200. About a quarter are in companies locating in the area for the first time.

More than 12,230 redundancies were notified to the Government in the ten months to the end of October last year compared with about 9,000 in each of the three previous years. The numbers out of work in Ulster rose by 30,000 in the year to December 1980.

Most significant among the new arrivals to Ulster in terms of employment and new technology was the Lear Fan company which employs 1,250 in the manufacture of an executive aircraft largely built from carbon composite material. The aircraft recently completed its first flight at Reno, Nevada in the U.S. and first deliveries are scheduled for 1982.

Criminal procedure needs 'radical revision'

BY ROBIN PAULEY

THE FIRST major review of criminal procedure in Britain since 1845 recommends radical revision of the current "hotchpotch" of laws which it says is needed to give police a clearer base on which to work, the public greater confidence in the administration of law and order, and to safeguard the basic rights of the individual.

The Royal Commission on Criminal Procedure, under the chairmanship of Sir Cyril Philips, former vice-chancellor of London University, spent three years reviewing the role of the police and the administration of justice at a cost of £1.2m.

The commission was set up by Mr. Merlyn Rees, Labour Home Secretary, primarily because of the conviction of three juveniles in the Confait murder case on the basis of confessions to a crime they did not commit. After a long campaign, headed by Mr. Christopher Price, Labour MP for Lewisham West, the youths were freed.

The main recommendations of the commission, apart from removing from police the role of prosecutor in the courts, give the police more wide-ranging powers to hold, question and search suspects.

Mr. Price said yesterday that he could find nothing in the report which would prevent a repetition of the injustice in the Confait case.

Sir Cyril denied this and said the presence of an independent adult at interviews of juveniles plus the recommendation that a judge, as well as the defence, should tell a jury to look for independent evidence to support a doubtful confession before relying on it, would prevent such miscarriages of justice. It should also discourage police from going on with the prosecution in the first place.

The main need was to secure public confidence, because so much police work would be useless without public backing.

The most radical proposal is to end the prosecuting role in the magistrates court of police officers. The commission wants a Crown Prosecutor's Department in each of the 43 police authorities and wants it and the chief constable to be answerable to a "police and prosecutions" authority.

The commission says it is essential that there should be ministerial control over management of the new prosecution service but it reaches no decision as to whether it should be the Home Secretary or the Attorney-General.

On the increased use of coercive powers, the commission recognises the danger that attempts to rationalise the powers might make them more widely available, creating risks of an increase in their oppressive use.

Powers to stop and search individuals or vehicles suspected of being in possession of or containing stolen goods and the right to search people in the street would be a considerable extension of police authority, if enacted.

The commission says there should not be a move to general searches of premises.

The widening of the power of arrest without warrant to all imprisonable offences is a considerable increase in police power. At present, the power exists only for crimes carrying a maximum penalty of at least five years in prison.

A suspect will have to be told orally or in writing of his rights on arrival at a police station and all events relating to his detention should be written on a standard custody sheet. After six hours, an inspector or more senior officer must consider and record whether grounds for continued detention still exist.

Suspects must be charged or released within 24 hours and brought before a court on the same or the next day (except in a "grave offence" investigation).

Taking fingerprints should not be a matter of routine, the commission says. When they are taken, the suspect should give his consent in writing. Fingerprints should be destroyed if there are no proceedings or the defendant is acquitted.

At various stages in the commission's work, one or more members dissented from the majority view but they have taken the extraordinary decision to keep their identities secret throughout. No notes of dissent or minority papers have been included in the report or published separately, except that of Mr. Jack Jones.

He accused the report of not safeguarding minorities' interests, particularly the young and the mentally handicapped.

** The Royal Commission on Criminal Procedure Report, HMSO £7.50. The Investigation and Prosecution of Criminal Offences in England and Wales: The Law and Procedure, HMSO £7.50.*

THE REPORT'S MAIN RECOMMENDATIONS:

THE creation of a Crown Prosecutor's Department in each police area to take over the job of prosecutions from the police.

POLICE power to stop and search suspects in the street for weapons or stolen property.

POLICE power to stop and search vehicles suspected of carrying stolen or prohibited goods.

A SYSTEM of statutory control for telephone tapping, permission for which would have to be obtained at a private hearing in a magistrate's court.

ANYBODY subjected to tapping should be told afterwards "unless judicial authority rules otherwise."

WRITTEN statements or summaries should be tape-recorded with the consent of the suspect.

POLICE and Crown prosecutors to take over the responsibility of prosecuting shoplifters from the retail stores.

ACCESS to legal advice should be made a right and arrangements should be made to make solicitors available.

JUVENILES and the mentally handicapped to be interviewed in the presence of an independent adult.

POLICING of the police, investigation of complaints and checks on citizens' safeguards to be in the hands of senior police officers and not an independent body.

POLICE POWER to detain a suspect of "a grave offence" without charge for an unspecified period. But suspects must be brought to a magistrate's court within 24 hours for authorisation of a further detention period.

NO CHANGE in the suspect's absolute right to stay silent.

NO EXCLUSION of "improperly obtained" evidence and confessions from court proceedings.

IN THE CASE of "an urgent search for prohibited goods" a police officer of uniformed superintendent rank or above should be able to authorise search of premises.

NO WIDE-SCALE finger-printing of the population during investigations.

AN END to the formal committal proceedings before cases come to trial.

Irish aid helps curb violence in Ulster

BY STEWART DALBY IN BELFAST

THE MUCH IMPROVED security situation in Northern Ireland last year was in large part due to greater co-operation between the Irish Republic and police and the Army in the province.

It is understood that one new element in the arrangements, which have not so far been made public, is that the British Army can in emergencies contact the Irish police directly.

Before the death of Lord Mountbatten and the killing of 18 soldiers at Warrenpoint in August 1979, there was no direct radio or telephone contact between the Irish police and the Royal Ulster Constabulary in Northern Ireland.

Closer ties were established late in 1979 after a meeting between Mr. Jack Lynch, the former Prime Minister of Ireland, and Mrs. Margaret Thatcher, the British Prime Minister.

Direct radio links between the police on both sides of the Irish border were instituted and it is thought that limited overfly rights for British helicopters were authorised.

Most of the indicators for violence were down last year compared with 1979. There were 50 civilian deaths compared with 51 in 1979; nine RUC deaths against 14 in 1979; and eight Army fatalities against 38 in 1979. However, 1979 was an exceptional year because of the Warrenpoint massacre.

In the 11 months to the end of November 1980, there were 352 bombing incidents compared with 565 in 1979.

Powell attacks Paisley as 'threat to the Union'

BY RICHARD EVANS, LOBBY EDITOR

MR. ENOCH POWELL last night widened the breach within the Unionist movement in Northern Ireland by describing the Rev. Ian Paisley as "a greater threat to the union than the Foreign Office and Provisional IRA rolled into one."

The outburst, in a speech by Mr. Powell, Ulster Unionist MP for South Down, Belfast, illustrates the growing anxiety of some Unionists that the Government could try to groom Mr. Paisley, leader of the Democratic Unionist Party, as the natural leader of the Protestants.

Mr. Powell especially criticised him for plunging the province into a political strike in 1977 aimed at forcing changes in government policy. The strike, if successful, would have led Parliament to conclude that Ulster had withdrawn its claim and cancelled its right to be part of the Union, he said.

Mr. Powell claimed Mr. Paisley had more recently lent himself to the "machinations" of the Foreign Office and the Northern Ireland Office in seeking a way to remove Ulster from the Union.

By proposing a single referendum from which Ulster itself would be excluded, Mr. Paisley had repudiated the key principle that Ulster would remain part of the UK so long as a majority of its people desired it.

Mr. Powell dismissed the influence of obvious enemies of the Union such as the IRA, as their terrorist tactics had failed. More people of the province were dedicated to the Union now than when the IRA campaign started.

Alfreton Building Society suspends senior official

BY MICHAEL CASSELL

THE ALFRETON Building Society said yesterday that it had suspended a senior official while Derbyshire police investigated alleged irregularities in the society's affairs.

The Alfreton, which has assets of over £5.5m and 3,800 members, is one of the smallest members of the Building Societies Association. Mr. John Flanders, the society's chairman, said directors had "for some time been concerned about possible irregularities."

He said that, pending inquiries now taking place, the official had been suspended from his duties.

The Chief Registrar of Friendly Societies and the Building Societies Association had been told, and although no accurate figure could be given until extensive inquiries were complete, "it would appear that any known losses arising appear to be well covered by the society's own reserves," he said.

It is understood that any losses uncovered are unlikely to exceed £100,000.

Mr. Flanders also said the Alfreton had been negotiating for several months over securing a transfer of engagements to the Britannia Building Society, a proposal which would be put to members for their approval. The move was not connected with the possibility of any irregularities in the Alfreton.

Trade buys 1.45m cycles

BY LORNE BARLING

BICYCLE SALES to the trade in Britain last year equalled the record 1.45m sold in 1979, but the high figure did not prevent widespread short-term working and lay-offs, the Bicycle Association said yesterday.

After an excellent first two months, retail demand slumped and was followed by rapid destocking by dealers, the association's annual meeting in Coventry was told.

The outgoing president, Mr. Beverley Ditcham, chairman of Bluemel's, said it had been a difficult year for most companies, which had also suffered from increased imports. About 550,000 bicycles were imported last year, compared with 450,000 in 1979, many of them low-price and of poor quality.

Sewage and water men to act on 30% claim

By Christian Tyler

AN OFFICIAL campaign of industrial action in the water and sewage industry came a step closer yesterday.

Eleven rank and file regional representatives of the 10,000 water workers in the National Union of Public Employees, decided to request authority for action from their union's national executive committee, which meets on Saturday.

No decision was taken yesterday about the form of industrial action. An all-out national strike could have rapid and devastating consequences, so the tactical decision is a difficult one for the unions involved. It will be made after consultation with the local branches of the manual unions, led by the General and Municipal Workers and NUPE.

The four unions have rejected a 7.9 per cent offer from the council in pursuit of a 30 per cent claim.

Shipbuilding unions to seek new minimum

By Christian Tyler

SHIPBUILDING UNIONS last night drew up a pay claim which is likely to seek new minimum earnings level in the industry of at least £106 a week.

Details of the claim were not disclosed yesterday, but the Confederation of Shipbuilding and Engineering Unions said it wanted at the very least to maintain members' living standards.

Negotiations for the 74,000 staff and manual workers employed by British Shipbuilders' 27 subsidiaries will begin soon for an April 1 settlement.

The last agreement set a minimum earnings level of £92 a week after staged rises of 10 per cent and 5 per cent in a 15-month deal from January 1980. Further harmonisation wage rates between shipyards will be part of this year's claim.

The shipbuilding committee of the confederation also decided yesterday the form of lay involvement in the bargaining process. Negotiations will be followed by a delegate conference in order to report back to the membership "in a consultative way."

Power workers seek 15% rise

BY CHRISTIAN TYLER, LABOUR EDITOR

ONE OF the most important public-sector wage negotiations opened yesterday when unions representing 96,000 manual workers in electricity supply asked for a "substantial" pay increase, a cut in working hours and earlier retirement.

Their written submission to the Electricity Council does not mention a specific wage target, but asks for a 35-hour week instead of the present 38 or 39-hour one, and retirement at 60.

Negotiators of the four unions are setting their sights on a settlement that matches the present year-on-year increase in retail prices of 15 per cent, and on the estimated 13 per cent earnings increase recently secured by the miners for a ten-month period, which the electricity unions say is worth 15 per cent over a year.

The Electricity Council said it would reply to the unions' demands on February 5.

The outcome of the bargaining will be an important test of the Government's success in persuading public sector employers to follow the example of many private sector enterprises which are managing to settle in single percentage figures.

Water workers are threatening industrial action after refusing a 7.9 per cent offer and manual unions in the gas industry on Wednesday rejected a 9 per cent offer.

The Electricity Council refused yesterday to divulge wage rates in the industry. According to the New Earnings Survey of April last year, the average wage of a male manual worker in electricity was £131 for an average working week of 42 hours.

The four unions involved are the Electrical and Plumbing Trades Union, the General and Municipal Workers' Union, the Amalgamated Union of Engineering Workers, and the Transport and General Workers' Union.

Civil servants plan more action

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders yesterday unanimously agreed a broad strategy for any industrial action which may be taken this winter in protest at cash limit pay provisions, expected to be about 6 per cent.

Details of the strategy agreed yesterday by the full Council of Civil Service Unions, representing all nine unions in the service, have not been disclosed, but the unions want to have maximum impact on the workings of government and to avoid as far as possible penalising the public.

This is similar to the intent behind the selective strikes two years ago by the Service's largest two unions, the Civil and Public Services Association and the Society of Civil and Public Servants, which severely disrupted Government and business cash flow.

The Government has as far as possible drawn up its own contingency plans to deal with the sort of action the two unions took then. But the unions believe their own planning is further ahead, and feel the initiative lies with them, because they hope to have an effect similar to 1979's, using different computer and other key centres as targets.

The unions have been preparing for some time: and want their programme of action ready for implementation if necessary after a special meeting of the full council on February 26.

Council officials yesterday stressed the unity between the unions over pay this year, but the council faces several problems before a common front with the pure issue of pay.

Any common claim is likely to be around the 13-15 per cent can be secured.

The CPSA and the SCPS have their own special conferences this month to draw up their own claims. The full council will then meet on February 5 to try to draw up a common claim. Because of the wide range of Civil Service jobs and pay rates, that could prove difficult.

The CPSA is pressing for a flat rate claim with a minimum wage, but other unions would prefer a straight percentage increase. The First Division Association, representing senior staff, suggested at yesterday's council meeting that a negotiated settlement instead of industrial action might still be possible this year.

The Institution of Professional Civil Servants is as concerned with job security as mark, rather than the 19 per cent being proposed by the pacemaking SCPS.

Mr. Bill Kendall, Council secretary-general, said yesterday's decision on industrial action would ensure that the unions were fully geared "to take all the necessary action to secure a just and equitable settlement—and it won't be 6 per cent."

Referring to the Government's ending of the Service's Pay Research comparability system, he said: "With our established pay system chucked away by an irresponsible and untrustworthy employer, we can only respond now to the promptings of economic necessity."

BL sets redundancies deadline

BY OUR LABOUR STAFF

BL CARS will tell union leaders next month that it will begin to implement compulsory redundancies among its white-collar staff from then if sufficient volunteers for redundancy have not come forward.

The company has so far told leaders of the four main white-collar unions that it will have to take "further action" if sufficient volunteers do not come forward in four weeks.

If there are no firm indications of further falls in white-collar numbers by the time the company meets the unions on February 2, it is determined to proceed with compulsory redundancies.

The unions operated an overtime ban toward the end of last year in protest at redundancies which at one stage threatened production of the Mini-Metro. There were no threats of further industrial action when union officials met the company this week at what was described as "a constructive meeting."

BL told white-collar unions in August that it wanted to cut its 22,400-strong workforce by about 4,200 by March. It was dissatisfied with progress in obtaining voluntary redundancies toward that total.

The company is more pleased now with the rate of voluntary redundancies, though still determined to reduce white-collar staff to 18,251 by March.

By the end of December white-collar staff had fallen to 20,192, nearly 2,500 less than the August figure.

The total leaves a shortfall of 1,941, to be further reduced by some 450 voluntary redundancies now being processed, and about 55 retiring during the period.

Truck plant men to fight for jobs

WORKERS at Leyland Vehicles' Albion plant in Glasgow voted yesterday to fight plans for nearly 400 redundancies. At a mass meeting, they voted by a narrow majority to support shop stewards in a campaign to extend short-time working to avoid compulsory job losses.

Nearly a thousand of the 2,400 workers are now on short time.

Farm workers urged to cut accidents

FARM WORKERS were yesterday urged to become more safety conscious in a bid to cut the growing number of deaths and injuries from farm accidents.

An article in the Landworker, the journal of the National Union of Agricultural and Allied Workers, criticised farmers and the Employment Minister, Mr. Jim Prior, himself a farmer, for not doing more towards the appointment of farm safety representatives. Farming, which recorded 94 deaths in 1979, the last year for which full figures are available, has the third highest accident record of any industry, after mining and building.

Rolls-Royce offer may avert strike by 3,500

By Ray Perman, Scottish Correspondent

THREATENED STRIKES by 3,500 workers at two Rolls-Royce plants in Scotland may be called off, following a recommendation from shop stewards.

After talks with the management this week, stewards at Hillington, Glasgow, and East Kilbride, Lanarkshire, decided to accept a revised pay offer negotiated this week.

Mr. George McCormick, engineering union convenor at Hillington, said that, although the company had refused to increase its offer of 7.5 per cent more on average wages, linked to productivity improvements, it had agreed to backdate payments to last November.

Some shift workers voted last night to accept the offer and call off the strikes scheduled to start today.

Lucas Girling closure protest

ALL 921 workers at the Lucas Girling disc brake plant in Bromborough, Wirral, which is to close in July, are today staging their biggest protest so far against the closure.

Joined by hundreds from other factories and escorted by police, they will this morning follow a 25-piece pipe band on a three-mile march from their plant to Hulme Hall, in Port Sunlight. There, union representatives will meet for talks with senior management.

Vauxhall talks on short time

SHOP STEWARDS at the Vauxhall car factory, Ellesmere Port, Cheshire, are discussing with members of the labour force how the recession is affecting the future of the plant.

The hourly-paid workers, who make the Chevette vehicles, are split into two groups working alternate weeks. When they were laid off, the men received 75 per cent of their average wages under the Government's temporary short-time working compensation scheme.

Hospital staff to hold out for 7½%

BY PAULINE CLARK, LABOUR STAFF

HOSPITAL ancillary workers are ready to take industrial action if the Government tries to impose a 6 per cent ceiling on their wage rise this year, the National Union of Public Employees warned yesterday.

Mr. Ron Keating, assistant general secretary of NUPE and secretary of the trade union side in pay negotiations for the group scheduled to open today, made clear that the country's 250,000 ancillary workers would expect to be treated no less favourably than council workers who have been offered 7½ per cent.

The Government is expected shortly to announce health service cash limits with a 6 per cent ceiling on wage rises in line with the limit set for local government.

Unlike local authorities, however, health service employers are likely to have little room for manoeuvre since the Government is the sole paymaster.

Mr. Keating said hospitals could face "serious industrial disruption" if the ancillary workers are not offered at least a 7½ per cent rise.

He pointed out that any confrontation would constitute the first test of the Government's denial that it has a formal pay policy.

Mr. Keating said: "This is the first major negotiating arena in which the Government are the direct paymasters. As such it is the first real test of the Government statements."

There was no way in which the trade unions in the health service could accept an offer which was less favourable than paid to council workers.

Trade unions are basing their claim on the current rate of inflation, levels established by the Clegg pay comparability exercise and the traditional two-thirds of average earnings in the economy which would give a basic £80 a week. The lowest paid at present receive a basic £54.45 a week and the highest £75.17 a week.

Employers are expected to delay responding to the ancillary workers' claim until health service cash limits are announced, although the group's pay settlement is already four weeks overdue.

Later this year, health service employers will also be faced with a pay claim of well over 6 per cent from Britain's 460,000 nurses and midwives whose next pay rise is due in April.

Doctors are seeking rises of 14 to 17 per cent although their pay is determined by their independent review body. Last year, nurses were angered at having to settle for 14 per cent after an 18.7 per cent rise for doctors.

● About 200 ancillary workers will stage a half-day strike next Tuesday at London's Great Ormond Street Hospital for Sick Children in support of a sacked shop steward.

Rail union urged to drop action over finance levels

BY PHILIP BASSETT, LABOUR STAFF

SIR PETER PARKER, British Rail chairman, yesterday appealed to the train drivers' union ASLEF to call off the industrial action it has threatened this month over the level of Government financing for the industry.

Senior BR officials hoped the union would withdraw its threat, or at least promise there would be no industrial action before a joint BR-union approach was made to Mr. Norman Fowler, Transport Secretary, for more Government aid fo rthe industy and a newr system of financing it.

The nine-man ASLEF executive was thought to be divided befoe Sir Peter's unprecedented address over whether to withdraw its threat. The warning of industiral action is unspecified, but could include one-day or two-day strikes.

Sir Peter said: "I have asked them if they would put aside for a moment the idea of militant action while we discuss clearly and in reasonable order how we see the future." He said militant action would be ineffective.

The response of the executive to Sir Peter's appeal could be crucial in determining not just whether the joint approach goes ahead but what the Government's reply will be. Mr. Fowler is unlikely to treat sympathetically an appeal for increased aid if BR cannot set its house in order.

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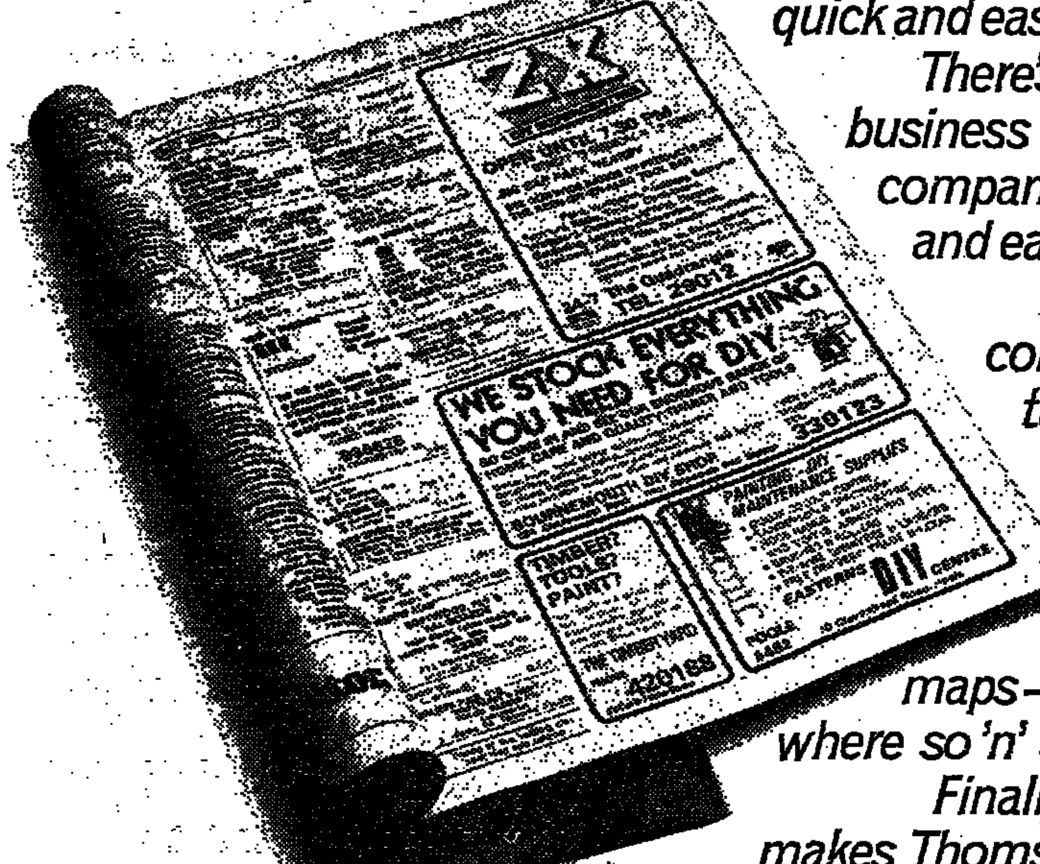

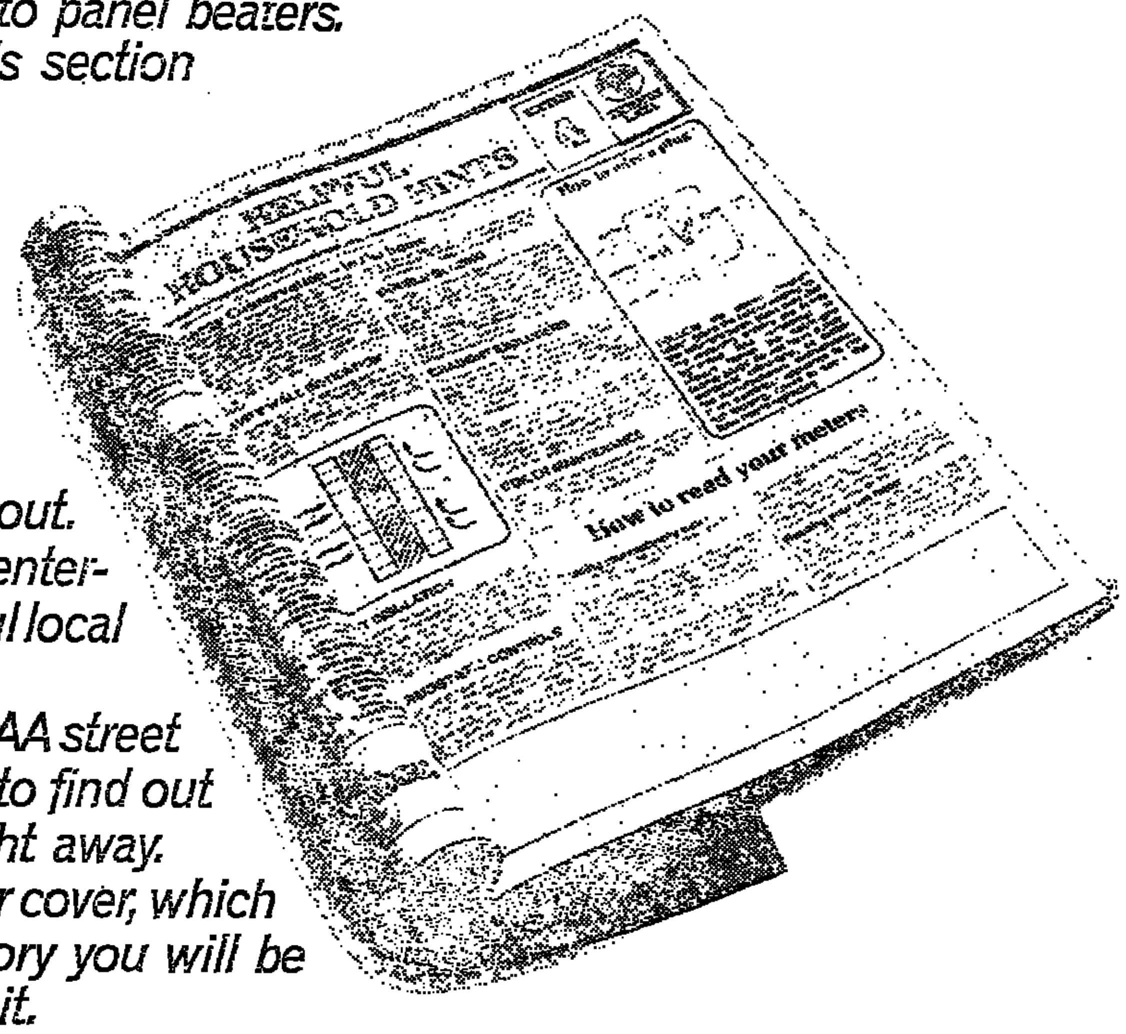

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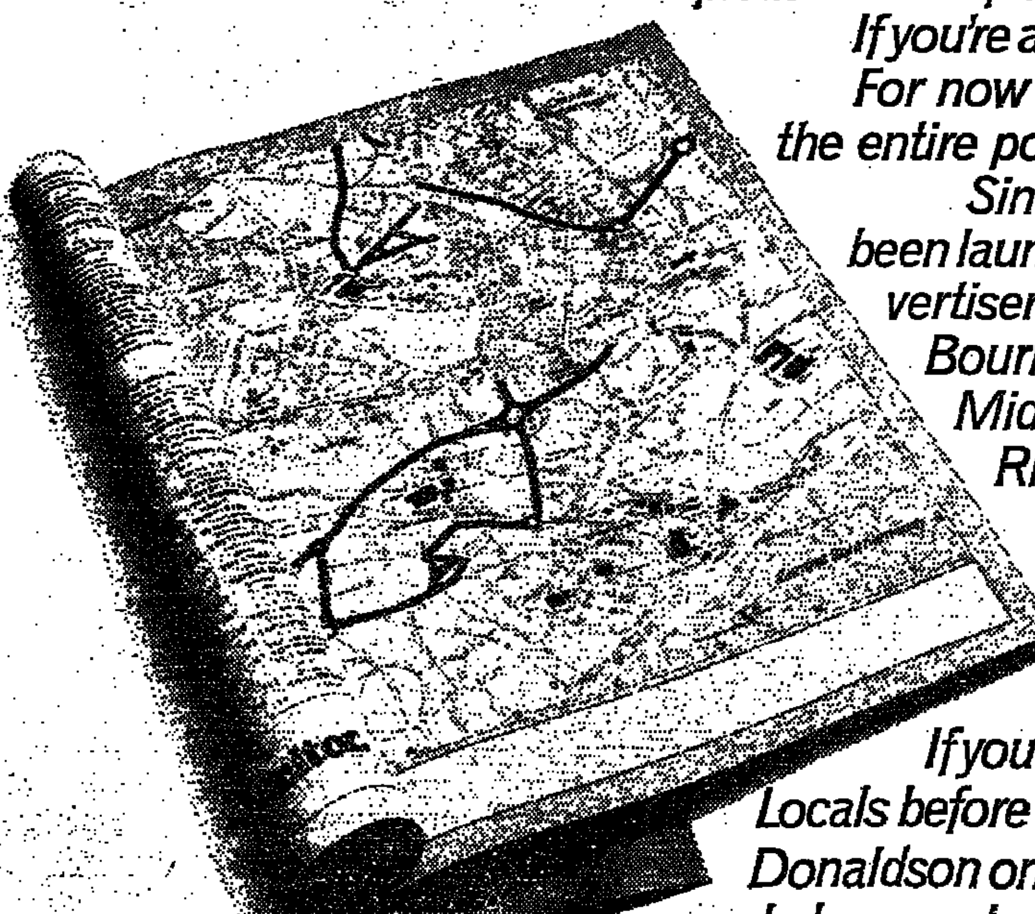

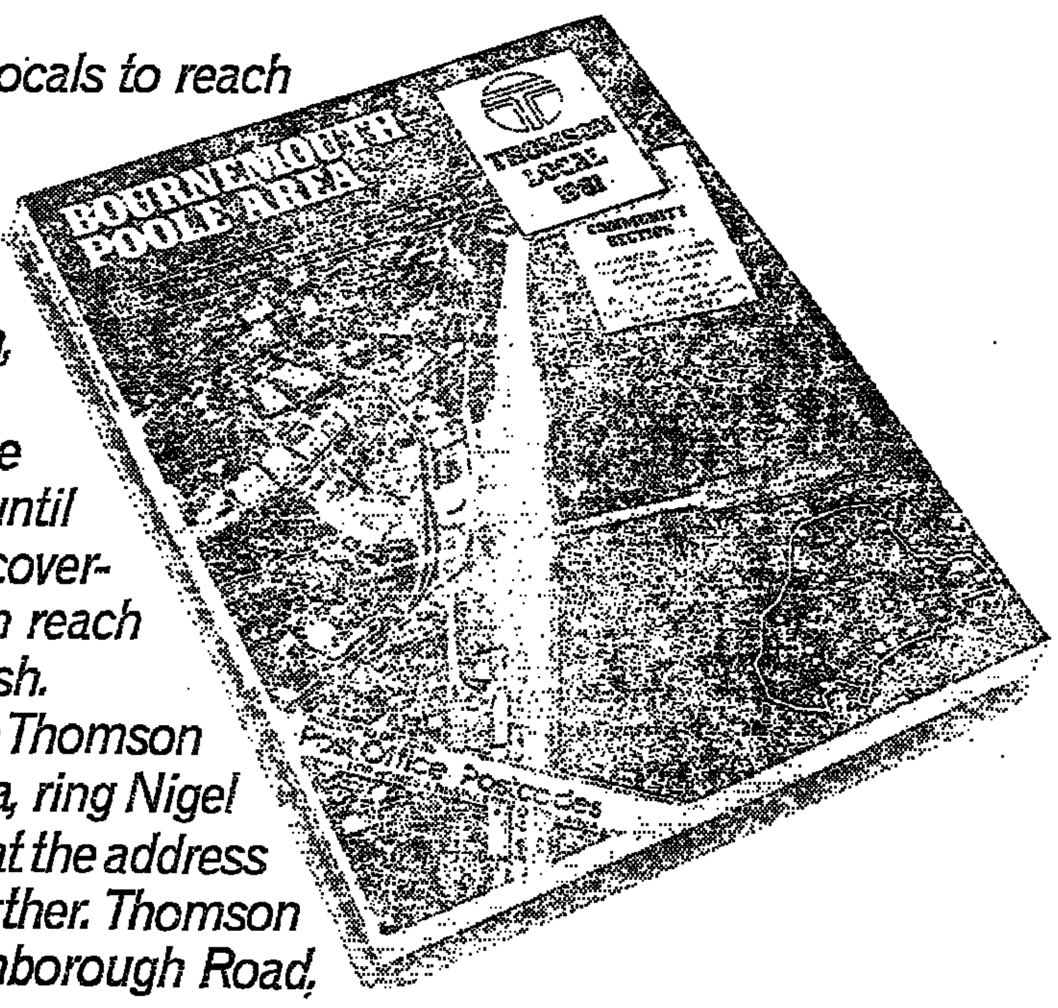

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

David Tonge describes the extraordinary remuneration packages being received by top U.S. executives

The 'science' of rewarding high-flyers

A THEORY is occasionally heard in the United States that money does not motivate. But even the theory's chief proponent, Professor Frederick Hertzberg will admit: "It sure as hell helps me sort out my priorities."

Judging from the current earnings of top American businessmen, the theory lost the battle long ago. In 1979 33 executives contentedly pulled in more than $1m. As 1980 ended the signs were that the number had risen. Modesty, it seems, has been scattered to the winds.

In the mid-1970s much was made of top executives being bashful about being seen to earn too much. One of the most publicised struggles between General Motors and Ford was over which company's president would slip from a discreet $990,000 through the magic $1m mark. Henry Ford II finally did so in 1978.

By then the "millionaires' club" had 13 members, up from five the previous year. Indeed the top figure then was the $2.3m earned by David Mahoney, chairman of Norton Simon, the food processing firm. That was five times the top British salary, the £248,000 paid to Victor Lownes of Playboy.

By 1979 the $5m barrier had been breached by Frank E. Rosenfelt, president and chief executive of Metro-Goldwyn-Mayer. Even assuming he worked a 65-hour week and took no holidays, Rosenfelt was clocking up around $770 per working hour—after tax.

Yet even then not all company heads were collecting all they could have. The great bulk of Rosenfelt's compensation came from a $4.9m gain made when he exercised stock options. If C. C. Garvin, chairman of Exxon, had exercised all his options, his 1979 earnings would have been not $1.1m but $8.3m. And even these figures can be questioned on the grounds of excessive conservatism. "I know my chief executive was getting more than our statements showed," says one top aide in a well-known U.S. company.

Is the apparent boom the result of inflation and tougher Securities and Exchange Commission rules on disclosure, combined with just rewards for entrepreneurial skill? Or of an unjustified assertion of management machismo?

Not surprisingly, the mushrooming profession of "compensation consultants" subscribes to the first of these views. Executive compensation (or "remuneration") has evolved from taboo to science — taking on capital letters in the process.

Even by 1977 three-quarters of big businesses had compensation committees. Their importance can be gauged from the way that at least 85 per cent of America's top manufacturing companies offer some form of long-term incentives to their executives.

Analysis by Sibson, a compensation consulting firms shows that these incentives accounted for the lion's share of top earnings. The firm's survey of compensation paid to the top executives of the leading 255 companies in the U.S. in 1979 showed that the overall total rose 14.7 per cent—about half the rise in corporate profits but well above the 8 per cent wage guidelines laid down by the Carter Administration.

As in all new sciences, fads are changing. In 1970 61 of the 100 largest U.S. companies offered their managers only qualified stock options, according to Towers, Perrin, Forster and Crosby, a consulting firm specialising in executive compensation. By 1975 this number had fallen to 12, reflecting the introduction of other schemes. Last year, as a result of changes in tax legislation, the number was down to zero.

The highest flyers: Frank Rosenfelt, Rawleigh Warner and Steven Ross

THE TOP FIVE U.S. EARNERS IN 1979 ($000)

		Salary and bonus	Long-term income	Total compensation	Percent of pre-tax profits	Percent of post-tax profits
Frank E. Rosenfelt	Metro-Goldwyn-Mayer	194	4689	5063	4.7	8.1
Rawleigh Warner	Mobil	902	3411	4313	0.1	0.2
Steven Ross	Warner	350	4268	4618	1.8	2.2
Richard W. Vieser	McGraw-Edison	76	2559	2635	2.2	4.2
Barrie K. Brunet	Metro-Goldwyn-Mayer	121	2330	2451	2.3	4.0

Source: Sibson and Business Week

Doldrums

The uncertain links between stock price and performance of a company, particularly in the prolonged doldrums of the stock market, has meant that firms wishing to reward an executive's success have been looking for other methods of measuring it. The new trend is to link long-term incentives to such guidelines as earnings per share, return on assets or performance in relation to direct competitors. In 1970 none of the top 100 companies had such schemes. Last year at least 41 did.

Archie McCardell, chairman of International Harvester, for instance, recently had a $1.8m loan from his company written off because the company beat its competitors in 1979—even though it may lose $400m in fiscal 1980.

But a more representative programme is that put together by Honeywell. The computer and controls firm established two overlapping four-year periods during which performance would be gauged, one starting in 1978 and the other in 1980. "Performance shares" were allocated to 41 executives. If the earnings per share grew less than 9 per cent per year the executives were to receive nothing. But any growth above this allowed them to cash in, up to a maximum of 130 per cent of the performance shares value if growth exceeded 17 per cent per year. In practice earnings per share grew 27 per cent in 1978 and 22 per cent in 1979. The company decided not to wait until the end of the period and its 1980 proxy statement recorded that it had disbursed $1.6m.

Graef Crystal of Towers Perrin says that while a dwindling number of companies rely solely on incentives linked to their stock, only a few, such as CBS and Nabisco, have totally eliminated considerations of stock prices. "Purity is a rare commodity," he comments, adding that about one-third of the major firms now operate some hybrid scheme. Among these he lists American Express, ATT, General Electric, ITT, Mobil, PepsiCo and Westinghouse.

Ms. Rennie Roberts, the vice-president in charge of corporate compensation for American Express, explains that it offers stock options "in tandem" with performance units. At the end of the award period the Compensation Committee assesses whether the gain available under the stock option is a sufficient reward and whether to cancel the options, cancel the units or allow some proportion of both to be paid.

General Motors says that 6,000 out of its world-wide staff of 691,000 received bonuses in 1979; it was offering a mix of stock options and cash.

One of the aims of giving long-term benefits is to discourage executives from eating next year's seed corn by, say, pushing up earnings by cutting back on research and development, according to Crystal. Another aim is to serve as "golden handcuffs" in an age of increased management mobility.

It is to unlock these handcuffs that large front-end fees are sometimes paid by new employers. When Lee A. Iacocca left Ford to become president of Chrysler, he was promised a $1.5m golden greeting card to reimburse him for the benefits he lost. More controversially, Ian MacGregor attracted a "transfer fee" of up to $4.2m when he agreed to become chairman of the British Steel Corporation: here the precise amount depends on BSC's performance.

In Britain one traditional aim of long-term bonuses has been to avoid tax, a point little changed by the present government's reduction of the top earned income-tax rate from 83 to 60 per cent. In the U.S., Congress cut the maximum income-tax rate from 92 to 70 per cent in 1964 and in 1969 reduced the rate on earned income to 50 per cent. Tax avoidance thus looms less large in U.S. calculations.

Parallel with the carrots shown inset, the executive can also expect a remarkable range of other perks. The days have long passed when it was merely a matter of a key to the executive washroom.

"Typically, firms say that they do not offer many perks and others offer more. Both claims are fallacious," comments Bruce Ellig, vice-president of compensation and benefits at Pfizer.

The most ubiquitous perk is the company car, provided by 84 per cent of companies to their executives, according to a survey of 907 companies by the American Management Association; this is followed by private health schemes, backed by 65 per cent of the firms surveyed. In Britain the comparable figures are 72 and 58 per cent.

Schemes such as leasing suits or carpets have not caught on—and have been given the thumbs down by the Internal Revenue Service. Instead there are more subtle methods of reinforcing corporate orthodoxy. The Bank of America gives notepaper with a golden rather than black monogram to executives "who have arrived." PepsiCo will reward its top staff returning from abroad by allowing them the services of the corporate landscape gardener. Membership of country clubs and, in deference to current fads, health clubs, may be on offer, as may security guards or tax haven advisers.

Heavy thud

Ford has fine-tuned the system to the pitch of grading its employees into 27 perks categories. Grade 16, for instance, entitles one to an office with a private lavatory, signed Christmas cards from the chairman, an indoor parking space, and company cars washed and refuelled on request.

One question apparently not being asked by the new consultancy scientists is whether executives are worth all this money. Those who think in terms of the more pay, the merrier, point to the 60-70-hour week worked by the average top executive, the six to 10 days he travels each month, and the risks to health. The recent heavy thud of the axe in various Boardrooms—such as the much-publicised sackings at RCA, First Chicago, ITT, and CBS—is also cited as evidence of the risks the executive faces.

But critics have been on the warpath. "I think executive pay is ridiculously high," says Mark Green, director of Public Citizens' Congress Watch, a group organised by the consumer advocate, Ralph Nader. His is a mood which has begun to be taken up by companies' outside directors. William Douglas, the late Supreme Court judge, once characterised these directors as "financial gigolos." But, spurred into action by a number of corporate blunders and post-Watergate revelations of slush funds, many directors are holding back on the rubber stamp—and pay is one matter affected.

Shareholders too have been making the occasional publicised attack. Steven Ross, of Warner, who earned $4.6m in 1979, has found himself suffering one such suit—though his salary contract had been submitted to shareholders and approved in 1977. Top executives are also having to face pinpricks from those lawyers who have made a speciality of suing companies.

But perhaps the most damaging attack on high salaries was a study carried out just over a year ago by Professor William Albrecht of Brigham Young University and Philip Jhin of the Boston Consulting Group. The two men looked at the salaries of the 148 highest paid chief executives in the U.S. and at their group turnovers, profits and assets. "We started with the assumption that there must be some relationship between what a chief executive officer does and his salary—but we couldn't find any relationship whatsoever," Dr. Albrecht reported.

Their conclusion was that top executives were "excellent politicians" who used "toughness, imagination and political know-how to justify their huge salaries." All of which suggests that, however much money motivates, it certainly attracts.

The main long-term incentives

UNQUALIFIED STOCK OPTION. Executive is given right to purchase stock at a pre-established price after a given period. Any gains are treated as income earned in year of realisation: top tax rate 50 per cent. Any cost to company is tax deductible, which results in reimbursement of 46 per cent. Internal Revenue Service gains a mere 4 per cent.

QUALIFIED STOCK OPTION. This used to be the most common incentive. Again executive is given right to purchase stock at a pre-established price after a given period. But usual qualifications were that price could not be less than on day the option granted, that option term must not exceed 10 years, and the stock must be held 3 years from when option is exercised. For executive any book gain at time the option is exercised is treated as earned income: again top tax rate 50 per cent. When he eventually disposes of option, further gains are subject to long-term capital gains tax: maximum rate 28 per cent. For the company the first of these is tax deductible, the second does not concern it. The Internal Revenue Service thus does better, but in 1976 Congress legislated that any qualified stock options in force on May 21, 1981, would automatically be converted to unqualified options. Since it does better from qualified options the IRS is now backing a change in this law.

STOCK APPRECIATION RIGHTS. Executive is given any increase in stock price above a fixed option price. This incentive is normally attached to an unqualified stock option. The tax position is the same as for unqualified stock options.

PERFORMANCE SHARES. Executive is given shares, the precise number depending on how well he meets certain pre-determined targets such as earnings per share or return on assets. Tax position as with unqualified stock options. Accounting made fairly complicated because stock price, and therefore company's liability, varies.

PERFORMANCE UNITS. Executive is allocated a fixed sum, though the actual share of it he receives again depends on how he meets certain targets. Tax position as above. Accounting is simpler.

STOCK-FOR-STOCK EXCHANGES. This is a new wrinkle to help those who do not have the cash to exercise a stock option and pay the necessary tax. Bruce Ellig of Pfizer, who has studied employee benefit programmes for the federal government and City of New York, explains that at its simplest it allows an executive who already has shares to use those instead of cash in order to take up his option.

He gives in his existing certificates and receives back a certificate for the same number of shares plus an additional certificate for the gain to which he is entitled. One avenue now being explored is a simple version of "pyramids." As an example, if an executive has the right to take up a 20 per cent gain on 1,000 shares, but only has enough cash and shares to buy 100 pre-option shares, then he starts by giving in the 100 shares in a stock-for-stock exchange. He receives 120 back which he promptly gives in, receiving 150 back, and so on.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

Storing perishables without chilling

HOW MUCH could be saved in manufacturing, distribution and retailing costs if packed dairy products and other perishable foods could be kept on the shelf for three months instead of a few days—and throughout in ambient temperatures instead of in chilled conditions?

The answers to these questions will begin to emerge during the year as a revolutionary process begins to be tested in the market place. This mouth-watering prospect has been made possible by Metal Box and the system is being introduced by a leading national organisation.

Existing technique is to put the products into plastic pots in clean conditions and seal them. After that they are distributed in chilled vehicles and by the time they reach the stores—which cannot be too far away—their life is limited to about five days.

The Metal Box achievement is to clean fill, or aseptically sterilise the pots. Over the past six years machines have been developed to operate in cabinets that exclude micro-organisms and one of the secrets of success has been a new breed of multi-layered construction containers in polystyrene. In a continuous operation within a cabinet a sheet of material is formed into a container which is sterilised before being filled with sterile cream (or other perishable food) and heat-sealed with sterile foil.

The containers can be kept in normal conditions for at least three months. After that the cream begins to gell. Otherwise they are expected to remain sterile permanently.

The chance of finding food in a can not fit to eat (though not poisonous) because it has spoiled for some reason, like oxidation after being damaged in transit, is one in 10,000. This is now the ratio of chances for the new "form-fill" process as it is called.

This dramatic extension in shelf life for dairy products opens up all sorts of opportunities, like being able to market at Lands End double cream made in John O'Groats instead of only in Scotland . . . and dispensing with a lot of expensive chilling equipment.

PETER CARTWRIGHT

The Cadillac that pretends it is a compact

BY GEOFFREY CHARLISH

A WAY of providing small car economy without eliminating the size and prestige of the traditional U.S. "big car" has been realised in new models from General Motors.

The company's latest six litre V-8-engined Cadillac is claimed to be the first production car with a "modulated displacement engine"—that is, it can operate on eight, six or four cylinders according to driving needs.

Operation of this "cylinder switching" as well as a digital fuel injection system is controlled by a central micro-computer about the size of a text book.

This follows an announcement late last year that from now on, "virtually all GM petrol driven cars built in the U.S. will be fitted with a small digital computer."

As a result, the company was already claiming to have become the largest manufacturer of computers in the world in unit production terms—some 20,000 per day from two plants of Delco, a GM subsidiary.

The closing down or opening up of cylinders two at a time means that the car can have a capacity of 6000, 4500 or 3000 cc—the processor automatically makes the adjustments to suit driving requirements in terms of power output. It is claimed that the change from one mode to another is so smooth that the car's occupants are unaware of it. The changes are instantaneous and there is no lag or drag.

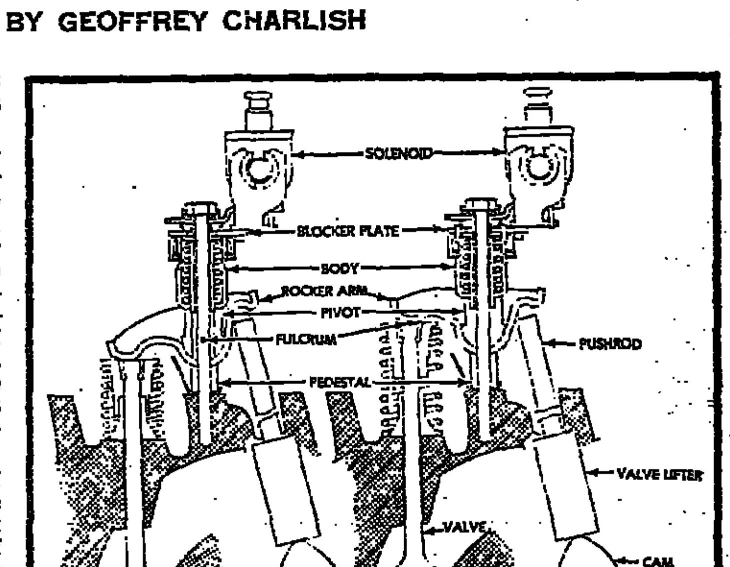
Changes are accomplished by solenoid-operated valve selector mechanisms controlled by the micro and in accordance with a program that takes other operating parameters into account. The mechanism simultaneously deactivates both induction and exhaust valves of the cylinder. When it operates, both valves remain closed so that the piston then behaves almost as an ideal spring, considerably reducing its losses.

The solenoid has the effect of moving the pivot point of the rocker arm (the component which pushes against the top of the valve stem, against a spring, to open and close the valve) in an upward direction so that the valve remains closed by its own spring.

According to General Motors, by varying the displacement in this way significant reductions are achieved in the internal work the engine has to do. Engine friction becomes relatively smaller; the basic work to drive the car remains the same whether it is in the eight, six or four cylinder mode, but the internal losses in the engine are reduced by changing the displacement to match the load.

Whether or not this cylinder switching takes place is in the hands of the central micro and is the result of continuous total monitoring of the situation by the computer.

For example, a basic task is to regulate precisely the air fuel mixture entering the engine to give optimum fuel economy, improved engine performance and much better control of exhaust emission.



Solenoid valve closure allows four, six or eight cylinder operation of the same V-8 engine.

The processor receives data from appropriate sensors about cooling system temperature, crankshaft revolutions, throttle position, manifold pressure and the amount of oxygen in the exhaust gases.

It analyses all this in milli-seconds and then, according to its program sends out digital pulse instructions to engine and drive train components. Messages sent to the carburettor for example, give rise to fuel adjustments at up to 10 times each second. Other functions controlled include engine idle speed and the operation of automatic transmission torque converter.

An important advantage of the use of the micro in this way is that it can be programmed to suit the particular model of car—the same computer is used in all cases.

However, certain changes are having to take place under the bonnet in design terms. The distributor on most models for

example has no vacuum advance and no centrifugal advance mechanism, instructions coming instead from the computer.

But once the computer is "on board" it can take a number of other operations in its stride. For example, the current to a heated grid placed below the throttle butterfly can be varied by the processor to keep the induction mixture at a fixed temperature regardless of the air temperature.

The result is cold engine smoothness — and emission control during warm-up is optimised.

Indeed, the whole question of dealing with the tough U.S. exhaust emission controls is more easily dealt with using what GM calls an air injection reactor: air is supplied by micro control exactly as and when needed to exhaust manifold and catalytic converter and at other times diverted through the air breather.

GM says that, to allow the driver to take full advantage of the system the Cadillacs with the new V8-6-4 engine have a digital MPG read-out on the dashboard which displays on demand the instantaneous and average fuel consumption; also shown are the anticipated fuel range based on average consumption so far and the fuel left in the tank, and the number of active cylinders in use at any particular time.

Should problems occur in the electronic control system or its sensors or actuators, self-diagnosis software will alert the driver via panel lamps.

Further announcements from the company seem likely soon. A GM spokesman in Detroit says: "The company is currently engaged in a big programme of research into methods of achieving greater fuel economy including three cylinder engines and alternative fuels. We are excited at having got the Cadillac variable displacement engine on to the market and we are looking into all possible ways of extending the techniques in the future."

Japanese incinerator for Britain

JAPANESE-DESIGNED incinerators which burn a variety of industrial waste including plastics, rubber and solvents, without smoke or emission or odour are to be made under licence in the UK by Hillcroft Energy Conservation, Caledonian House, Tatton Street, Knutsford, Cheshire (0565 3504).

No supplementary fuel is required for the Chuwa range, nor is there a need for prior selection of waste for incineration, says the company. Waste oil and waste solvents may be disposed of along with other refuse.

The incinerators are designed to operate on the water cooled forced air supply principle and incorporate automatic water infeed, automatic control and timer.

Furnace, waste inlet and ash outlet are fully covered by a water jacket system which absorbs the heat generated by waste disposal and the hot water produced by the incineration process may be utilised for boiler or environmental heating purposes.

There are eight sizes in the range with volumes from 0.40 to 3.05 cubic metres.

With a Chuwa installation, says the company, savings in fuel oil costs alone can amount to as much as £50 for every ton of waste incinerated—at the same time eliminating the cost of refuse skips and other waste removal charges.

NEWS IN BRIEF

FINISHING

MAKER OF drop-forgings in aluminium, titanium and other heat-resistant alloys mainly for the aerospace industries, Light-Metal Forgings of Oldbury, West Midlands, has changed over to SlipNaxos coated abrasive belts for polishing and finishing operations on its range of specialised forgings.

The company says these belts (with distinctive cloth backing and abrasive formulation) are pliable and easy to handle, making them ideal for complex workpieces.

PROCESSING

Recognising that laser, ion and electron energy beam devices will gradually replace many traditional drilling, cutting, welding and grinding tools, Cambridge Consultants is offering to provide up-dating seminars to acquaint companies with the potential applications of these new technologies. More on 0223 58855.

IN THE OFFICE

A PRESENTATION of the "instant office and furniture" concept is currently to be seen at Planned Space Products, 15, Macklin Street, Covent Garden, London, WC2 (01-242 5722).

Free-standing, structural panels in a wide range of widths, heights and finishes can be quickly linked together to form functional and decorative space dividers and work areas.

Also to be seen are individual desk units (they can link up to form multi-purpose work stations with built-in power and telephone services for electronic and word processing equipment), and free-standing/screen linked multi-purpose storage units which house micro-film and computer discs, and which also adjust to accept most lateral and suspended shelf filing systems.

GALVANISING

OVER 500 DELEGATES from about 30 countries are expected to attend the 13th International Galvanising Conference "Intergalva" 82 at Grosvenor House Hotel, London, May 9-14, 1982.

This is being organised under the aegis of the European General Galvanisers Association by its Secretariat Zinc Development Association, with the collaboration and active support of the memberships of galvanising associations in Europe and other zinc and galvanising groups throughout the world.

In addition to three days of papers and discussions there will be two days of works visits to galvanising plants and research establishments throughout the UK.

Information from Zinc Development Association, 34, Berkeley Square, London, W.1.

COMMUNICATIONS

COMPUTER AND SYSTEMS Engineering (CASE), the Rickmansworth-based communications manufacturers, has introduced a text editing terminal designed for sending and receiving electronic mail over the public telex or switched telephone network.

The new device, the Viditex 310, is an intelligent terminal priced at £1,600 and designed initially for use with the Case MSX range of message switches.

It is expected that the terminal will form part of a strategy for the electronic office which Case has been developing over the past few years.

The Viditext 310 makes it possible for the user to enter and edit messages at one site for subsequent automatic transmission to remote destinations or to other offices on the same site.

The Viditex has a CCITT VII interface, enabling it to be wired to a message switching system up to one kilometre away without the use of modems or line drivers.

FINANCIAL TIMES SURVEY

Friday January 9 1981

Payment Cards

The growth of payment systems during the last decade has led to fierce competition. Visa and Interbank, are fighting each other for customers and will soon have to give more attention to the growing power of the European Payments Systems Group.

Service the primary objective

By Michael Lafferty, Banking Correspondent

OVER THE past decade a new type of international banking organisation has emerged on the world stage. It is creature of retail, or personal banking and operates something unexcitingly called payment systems.

Any description of these organisations inevitably begins with Visa and Interbank, the two associations of what might be described as mass payment systems. Their origins lie in the U.S. credit card business, of Bank of America and Citibank respectively.

Today, banks all over the Western world are members of one or other of these associations and issue payment cards—whether these be credit or debit cards—bearing a familiar international design.

The internationalisation of bank payment cards in this way has one primary objective—to offer customers a better service. Today, as more and more people travel outside their own countries, there is much to be said for bank payment services which remove the need for travellers to carry large amounts of local currency.

10 per cent

Visa and Interbank are rapidly becoming more than just mass payment associations. Both have major ambitions in the travellers' cheques market, and Visa—largely because of Barclays Bank — is already claiming around 10 per cent of the world market.

It also seems likely that both organisations will eventually move to segment the payment card market further. They could do this by introducing "travel and entertainment" charge cards along the lines of the American Express and Diners Club cards. Such a move could put severe pressure on American Express, the U.S. company which has developed its own international payment systems of charge cards and travellers' cheques almost entirely separately from the banking industry.

The world of mass banking payment systems does not end with Visa and Interbank. There is something else in Europe which is rapidly gaining more and more power on the world stage.

It is necessary to use the words "something else" because the phenomenon which might be described as the European Payment Systems Group has no distinct corporate identity. It began with the Eurocheque system, as a result of which bank customers virtually all over Europe are able to travel the Continent and write cheques in a multitude of local currencies. Then along came Eurocard, a charge card which had origins in Sweden but is now being issued by many of the same banks which promote Eurocheque.

More recently these same European banks, more or less, have backed the launch of the Euro Travellers' Cheque system.

However shadowy the European Payment Systems Group may sometimes be, it is clear that it is guided by a number of prominent European bankers, notably Dr. Eckart Van Hooven of Deutsche Bank and Daniel Cardon De Lichtbeur of Banque Bruxelles Lambert.

At present there are links between the European payment systems and Interbank, through Eurocard. But these links seem likely to come under increasing strain in future years. This is not only because Eurocard, a "T and E" card, has little in common with Mastercard, the

CONTINUED ON NEXT PAGE

Barclaycard's lead narrows

BARCLAYCARD WAS the pioneer of credit cards in the UK during the mid-sixties. It was launched years ahead of its nearest rival, Access, and today it can still claim more cardholders. Yet the gap between the two is narrowing and Barclays' potential for growth is looking decidedly limited while Access, on paper at least, has a long way to go.

Mr. Trevor Nicholas, divisional general manager of Barclaycard, estimates that the 5¼m cards in issue represent about 75 per cent of the potential "home market" through Barclays Bank. Access has a much greater potential market through the joint member banks.

Of course you do not have to be a customer of Barclays Bank to get a Barclaycard, and Barclays makes much of this in its advertising. Nevertheless it is undoubtedly much harder for Barclaycard to win customers away from the other banks.

So Barclays is looking at peripheral operations to boost growth. These include operating credit cards on behalf of other organisations. Barclays already operates some 27 in-house systems for retailers such as Habitat and the Co-op Bank under its Barclaycare system.

There is also the Visa-Barclays "blue band" programme whereby non-banking organisations can issue their own cards with the distinctive Visa colouring. British Airways has adopted the scheme in the UK. From British Airways' point of view its own card might help foster customer loyalty, but the card can be used anywhere else accepting Visa so a British Airways card can be used to buy anything from a bed to a pair of shoes.

The problem for Barclaycard is to evaluate the impact of such "rivals" on its own business. At present it is too early to judge the effect, but Mr. Nicholas is proliferating Visa cards. But, he says, every proposition will be gauged on a commercial basis.

Barclaycard is also exploring other avenues to give it unique selling features and make it more useful—such as automatic tellers.

Yet how Barclaycard will develop these activities will be determined by the decisions likely to be made in the next few months by the banks and retailers about direct debiting of customers' current accounts from the point of sale.

Depending on how this scheme is structured, it could eventually have a significant impact on the growth of both Barclaycard and Access as credit cards—and the impact is likely to be adverse.

Terry Garrett

Amex seeks partnerships with banks

"THE MISSION of American Express Company since its inception has been to deliver valuable services which provide security, convenience, and a sense of confidence to our customers.

"The range of these services extends across travel-related fields to insurance, international banking, communications and entertainment."

This is how American Express describes itself. Without any doubt, it is a unique organisation, holding a dominant position in both the T & E charge card and travellers' cheques markets.

While the group has built up its own international banking division, principally operating in wholesale markets, it is not based on a traditional domestic bank business. At the same time it would be quite wrong to say that American Express is not an important participant in the U.S. and international retail banking market.

Its "free" deposits resulting from the "float" on unused travellers' cheques are very real and a major source of revenue.

Only recently Mr. Dee Hock, president of Visa, was moved to describe it "as a dangerous competitor in the business of payment services."

Amex's payment services include the well-known Green Card, of "that will do nicely, sir." fame, a more up-market Gold Card, and travellers' cheques.

The group chairman is Mr. James D. Robinson III, a man with considerable knowledge and foresight about the payment systems business. These days, his theme in public speeches is very much one of partnership between American Express and banks around the world. In this context he describes the recent deal whereby Lloyds Bank is to issue the Amex Gold Card to its top-notch customers as "a major strategic move."

Another possible view of this is that it is the only option available to American Express, which could now be said to face very heavy competition in the payments markets.

That competition is already manifest in the travellers' cheques market, where more than 1,000 European banks are about to launch the Euro Travellers' Cheque, and Visa is already claiming almost 10 per cent of the market.

Dominant

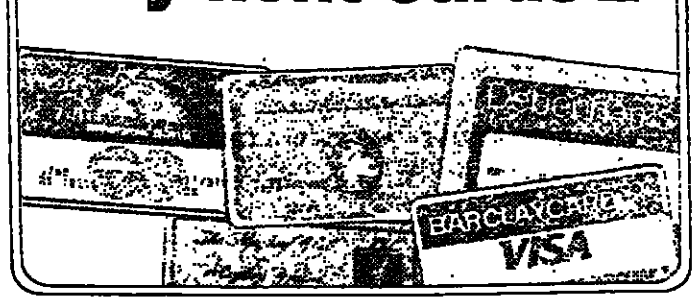
But it also looms in the charge card area. Within the next two years there is every prospect that Eurocard will become the dominant European charge card, while Visa and Interbank may well enter the market as well.

Then the challenge for American Express will be to defend its existing position, while developing new products. It is already involved in experiments on home terminals in a joint venture with Warner Communications but arguably could be said to have shown little enthusiasm for new products for too many years.

The great strength of American Express in relation to competitors such as Visa, Interbank, and the European Payment Systems must be its ability to act quickly with far less bureaucracy than the opposition. On the other hand, there must be a prospect that it will be forced into some new banking alliance as the world of payments systems becomes more and more polarised.

Michael Lafferty

Payment Cards 2



Three types dominate world market

THE PROLIFERATION of multicoloured plastic payment cards bearing an array of symbols masks the domination of international payments cards by two retail banking organisations.

The rival organisations, Visa and Interbank are locked in an increasingly acerbic and vociferous battle for customers around the world, particularly in the two main growth markets, Europe and Japan.

While it is possible to distinguish 14 major types of consumer payment cards, three are of key importance. First, the credit card which is a revolving credit facility, usually entailing some interest charges and commonly available for cash advances as well as store purchases. The customer is generally set an upper spending limit per month which is calculated on the basis of the multiplier of the amount put into the account each month and adjusted in the light of the customer's repayment record.

The second major payment card is the debit card, which in terms of number issued runs behind credit cards. A relatively small number of the 200m American card holders, around 10m Japanese and some Europeans hold debit cards. It is a purchase or cash card which is directly linked to the customer's current account rather than to a credit facility. The account has to be settled in full each month on a given date.

The third main type of card is the travel and entertainment card (T&E) which is a charge card not a credit facility. There are about 15m T&E cards currently issued. American Express dominates the market with around two-thirds of the holders, followed by Diners Club with about 3m, Carte Blanche just under 1m and Eurocard with 550,000. These cards have no credit ceiling and generally users are required to repay the funds by the end of each month. If they do not they may be subject to special interest or penalties.

Pragmatic

While it is theoretically convenient to distinguish between these three types of cards, it is clear that many cardholders adopt a more pragmatic approach to these brightly coloured pieces of plastic. A large proportion of holders of so-called credit cards in fact use them as if they were debit cards, particularly in the U.S. where holders of several cards will carefully determine the date of monthly repayment of various cards and use whichever will allow them the longest period of interest free credit.

Another major difference between debit /credit cards and T & E cards is that credit and debit cards are issued free whereas T & E card distributors charge an annual fee as well as an initial membership fee. In addition, holders of T & E cards have to satisfy the issuers that their financial position is sufficiently sound to ensure repayment of a credit card account.

In the past year not only has competition hotted up between the two major issuers of payment cards, Visa and Interbank, in the arena of issuing debit and credit cards but it has extended further into T & E cards. Talks are currently taking place within the Interbank European Payments Systems alliance on putting out a uniform T & E card.

But while the two giants fight it out, Citibank, which as the advertisements say "never sleeps" suprised the internecine world of international payments last December by announcing the proposed purchase of the loss-making Diners Club. Citibank, already owns Carte Blanche, so with around 5.5m holders now under its umbrella it is clearly gearing up to take on American Express, the market leader with 10.5m card holders.

Unlike American Express, which runs its own operation worldwide, Diners Club is a franchise run by different companies in each country and there is some doubt whether some of the banks in Europe which hold the franchise will wish to remain in the group.

If some of these European banks consider a close association with Citibank via Diners Club would be unwise, they may opt to join Eurocard. Such a decision in the light of current expansion plans, particularly in France, would mean that Eurocard could supplant American Express as the number one T & E issuer in Europe.

The next innovation in the swiftly changing world of international payments may well be point-of-sales terminals. These will allow customers to use a card directly in a special terminal located in stores or supermarkets. But the cost of installing such a system could well be prohibitive in the short-term, particularly in the UK where cheques' predominance as a method of settlement has not been so strongly challenged as in the U.S.

Further into the future, the gurus of the payment card envisage a single piece of plastic which can be used to perform a wide range of transactions, giving the customer added flexibility and removing the necessity of a wallet bulging with payment cards, bank guarantee cards and cash dispenser cards.

The colourful multiplicity of payment cards may become a thing of the past, but much depends on the outcome of current rivalry between Visa and Interbank, and the growing power of the European payment systems movement.

Rosemary Burr

Economic impact still limited

AT A time when governments around the world are trying to grapple with intractable problems of monetary control, the growth of new forms of credit will necessarily be viewed as a potential further source of inflationary pressure. And with little plastic cards now freely acceptable in many different countries, the possible foreign exchange effects of mass travel need to be carefully monitored.

But at this stage the alarmist picture painted by, in particular, certain German bankers, cannot really be justified. Even in the most developed market, the United States, where more than 60 per cent of the nation's families have cards of some type, the plastic transactions only account for a very small percentage of total dealings within the economy.

Dwarfed

The sums look big—in 1978 mass credit card billings totalled nearly $150bn, and involved 6bn transactions—but despite fairly rapid growth in recent years these statistics are dwarfed by corresponding figures for cheques. In all, some 32bn bank cheques were issued in 1978, with a value of £40,372bn.

Certainly credit cards have a significant economic impact in certain consumer spending areas. They have made it much easier, for instance, to make payments for services like catering, entertainment and travel. And the availability of easy credit, without repeated form-filling and creditworthiness checks, has probably stimulated demand for certain consumer durables in the medium-price bracket.

It is hard, however, to argue that this has added up to an inflationary force. To a significant degree cards have simply replaced older forms of credit—notably in the case of in-house cards issued by stores, which have supplanted more traditional forms of account and revolving credit.

In the UK, too, credit cards finance only a small proportion of consumer spending—some 2.6 per cent in 1978, according to figures quoted in the recent Monopolies Commission report on credit card franchise services, though 3.5 per cent of spending on food is excluded from the calculations.

And if governments are worried about the possibility of excessive credit-based demand, they have the option of imposing controls on the use of extended credit. This kind of restraint was employed by the UK Government until 1978, and there have also been restrictions on foreign use of cards, although in 1979 all UK foreign exchange controls were abolished.

Nevertheless, monetary authorities will be aware of the need to keep track of the impact of changing payments systems upon the various monetary ratios and aggregates within national economies. Certainly the possession of credit cards could make a difference to the need for individuals to maintain permanent current account balances at banks.

In theory, credit cards could even contribute to a reduction in the level of at least the narrower M1-type of monetary aggregate, as the system adapts to a high velocity of circulation. In itself, such a shift would be neither inflationary nor deflationary, though it might become so if the authorities were to misinterpret what was going on.

Barry Riley

Fireside banking is not far off

FROM A banker's point of view, the ideal payment system is probably one which avoids the need to handle cash.

This ideal promises to be realised as Electronic Funds Transfer Systems (EFTS) may quite soon be operating which will obviate cash and paperwork to a great extent, though perhaps not completely.

One type of EFTS would work by computer-linking all the places where money changes hands. Every transaction would be instantly processed and recorded on the system's central computer.

A different approach is to get some of the book-keeping and calculating done at the point of sale. Each customer would have a "memory card," a plastic card which resembles the credit cards now in use but contains a microprocessor chip capable of recording purchases and calculating the customer's post-transaction balance. The card would be able to instruct the point-of-sale terminal whether to authorise transactions. Terminals in shops would therefore not need to be continuously connected to the central computer: transaction data could be stored in a compact "cartette" for central processing at convenient intervals.

Memory card systems are to be experimentally introduced on a fairly large scale for the first time during 1981 and 1982 by a consortium of leading French banks, GIE, Carte à Mémoire. Three main contractors — CII Honeywell Bull, Flonic Schlumberger, and Philips Data Systems—are each to provide 100 point-of-sale terminals and 50,000 cards.

Three districts

The trial — which will cost around FFr 50m, not far short of £5m — will cover three districts. Originally the sites were meant to be middling provincial towns, but the only one so far agreed is a central shopping district of Lyon.

Because the system is experimental, the cards and terminals are still evolving, and the contractors are not at this stage producing compatible equipment. Although the scale of the experiment is thereby reduced, it should still be large enough to show whether the idea has the potential for mass application.

However attractive memory cards (and other EFTS) may be to the banks, it is not certain that customers will take to them. According to Simon Evans of the Batteile Institute—which is currently studying EFTS—a surprising number of customers who took part in a pilot study in Bourg en Bresse last year thought instant debiting was a good thing.

But almost everybody expressed a fear that their cards might fail them in a public place, with embarrassing consequences.

This possibility of embarrassment can be avoided when payment terminals are not located at public points of sale but in the customer's own home.

Two varieties of home terminal are on trial in Columbus, Ohio, a town loved by American marketing men as their laboratory model of middle-America. Columbus is atypical only in being perpetually wired-up to try something new.

The larger and older of these experiments is "Qube," a system which starts from cable-television—adding on facilities which allow viewers to communicate with a computer in the central studio. As yet, Qube's control-pad can accept only rather simple commands; the 30,000 viewers are able to choose from 30 TV channels, and centrally register their to yes-no questions. Viewers have been asked to vote for the next programme to be transmitted, and to choose magazine covers.

The extension of this system to provide cable - banking services (among many possibilities envisaged by its sponsors, Warner Communications and American Express) will mean a more elaborate control-pad—much more like the standard computer terminal.

The other experiment involves in-the-home terminals from which customers can access a bank computer via ordinary telephone lines. This has been done by an enterprising Columbus bank—Bank One—which installed its first 100 home terminals in October 1980.

Customers can have an immediate statement of their accounts on the VDU, and other facilities include the ability to have one's outstanding bills listed on the screen and to instruct the computer which of them to charge against the funds available.

It is early yet to do more than speculate on the most practical mix of EFTS. The ideal system for the customer might combine memory cards—for modest "cash" purchases—with home terminals, on the Bank One "Channel 2000" pattern keeping control of insurance premiums, mortgage payments and the like.

Whether any of this ultimately proves ideal for the banks will depend on the extent to which customers can be made to bear the still extremely heavy capital costs. At the moment banks do not draw customers' attention more forcibly than can be helped to the charges which finance the banks' cash float—but the costs of EFTS would be highly visible.

Jeremy Stone

American Express Company's 40-storey world headquarters in New York was opened in 1976

WORLD COVERAGE

	Visa	Interbank
Countries	over 150	142
Cardholders	90m	79.6m
Bank outlets	over 100,000	91,000
Business volume	$38bn (1979) $43.5bn (1980)	$35.4bn (1979)
Retail outlets	over 3m	3.3m

Source: Visa/Interbank

Customer service

CONTINUED FROM PREVIOUS PAGE

Interbank mass credit card, but also because Interbank as an organisation does not always appear to be in step with the Europeans. It might also be said that Interbank, with its own mass payment card and strong U.S. orientation, is little different from Visa, which is so often criticised on these counts by people such as Dr. Van Hooven.

The UK fits into the world structure of payment card systems as follows: Barclays Bank is a leading member of Visa, while the big three Access banks—National Westminster, Lloyds and Midland—are associated with Interbank.

In the European context the picture is a little more complex. The UK franchise for Eurocard is currently owned by the Joint Credit Card Company, which runs Access. It has decided not to issue the charge card in the UK on the grounds that this avoids duplication with Access. However, Eurocard executives are becoming increasingly unhappy with this state of affairs. They hope that the position will eventually be resolved with two of the big clearing banks — possibly Midland and National Westminster — becoming UK issuers of Eurocard.

Banks tap the in-house plans

UK CREDIT CARD competition has intensified in the last few years with the arrival of a number of in-store and in-house credit arrangements.

In-house schemes can take different forms: for example, they may offer traditional budget account facilities (the customer contracts to pay a regular amount each month and receives a credit limit which is a multiple of that amount); or they may be option accounts. In this arrangement a customer receives a pre-set credit limit and on receipt of each monthly statement pays either in full or a lesser amount which must be at least the specified minimum payment, as in the case of credit cards.

In some cases the credit facilities can be arranged as monthly account cards similar to the travel and entertainment cards offered by American Express and Diners Club.

There are also similar schemes which do not issue credit cards, such as the budget account arrangement operated for Marks and Spencer by Citibank Trust which involves (instead of a credit card) a cheque book and a cheque guarantee card.

A feature of some of the new schemes is that they have been developed by traders in conjunction with banks or finance companies which undertake the administration and often the financing of the arrangements. The banks thereby maintain and extend their presence in a market which might otherwise be competing against them in an aggressive fashion. Moreover, it allows the banks to tap the large un-banked market.

Vantage

Barclays Bank and the Access banks as well as Diners Club's wholly owned subsidiary, Cardholder Services, are involved in such arrangements with traders.

Under two of Barclays' in-house schemes, the Brent Cross Shoppers card and the Leyland Truckcharge card are accepted by more than one trader.

The most notable development in the in-house market was the announcement in October that UDS Group and Citibank were to launch a new credit which can be used at more than 1,000 UK stores. The new card, called Vantage, already has around 225,000 holders, but this could rise to 800,000 in the next five years.

The new card replaces the UDS budget account scheme. At the time of the announcement, Citibank and UDS described the move as bringing the advantages of credit cards to those who do not have bank cheque accounts, which is estimated to be almost half the UK adult population.

John Moore

Payment Cards 3

Cards make patchy progress in Europe

YOU NEED strong nerves to be in the credit card business. As more and more people turn to rectangular pieces of plastic instead of old-fashioned coins and notes to pay their bills, a fierce struggle is on around the world to snare as much of the market as possible.

The chief protagonists are the Americans, with Visa and Mastercard dominating the U.S. market and eager to spread across the globe as rapidly as posible. American Express and Diners Club in the travel and entertainment (T and E) sector are also expansionist minded. But with payment cards becoming increasingly popular in Europe and Japan, the major names are finding that local competition can be very tough.

It is in the U.S., of course, that the payment card business has grown biggest. More than 60 per cent of all American families have cards of one type or another and over half of them make at least one card purchase each month. In cash terms, this translates into annual billings of some $150bn, involving 6bn transactions and 2.5bn payments.

According to Federal Reserve Board figures, some 35 per cent of families in the U.S. had a bank credit card (Visa or Mastercard) in 1977 compared with only 19 per cent in 1971. Seven per cent had a T and E card against 5 per cent six years previously, while the percentage with a merchant card had gone up from 45 to 50. Cards put out by oil companies though, had slipped slightly from 33 to 32 per cent of families.

Together, Visa and Mastercard are used by more than 60m people in the U.S., but the former has overtaken its rival to become the market leader.

Because of official reluctance or consumer resistance, chiefly the former, Europeans have reacted to payment cards with varying degrees of enthusiasm.

Barclaycard, run by Barclays Bank and also tied in with Visa, has been growing at 15 per cent a year in the UK, with Access (NatWest, Lloyds, Midland, Williams and Glyn's banks and Bank of Ireland) also rising fast and expecting to overtake its rival by the late 1980s.

Last year, Barclaycard had 39 per cent of the UK market, with turnover totalling £930m. Access had 35.7 per cent, or nearly £852m, while American Express was in third place with 17.1 per cent (£408m). Some way behind was Diners Club with 5.2 per cent and £125m. Both Access and Barclaycard are accepted at over 100,000 outlets, American Express cards at well over 25,000, and Diners Club at over 20,000.

Altogether, nearly 10m credit cards are in issue in the UK. Many other cards are issued for use in outlets, such as stores, owned by only one company. But several, such as All Star Petrol Card, Heron Service Stations Card, and British Airways Travel Card, are accepted by traders other than the issuer. Trustee Savings Bank group operates the Trustcard, which is a Visa card. This card has around 2 per cent of the market.

In West Germany, whose prosperity might make it seem an obvious target for credit card operators, resistance is stiff. The authorities dislike the inflationary implications of the cards, while the banks themselves see them as too costly to run. So the emphasis there is on cheque-based credit rather than plastic cards.

Eurocard has around 550,000 holders throughout Europe, and is a licensee of Mastercard. This produces a certain dichotomy, since Eurocard is seen as a T and E card, available for a fee, while Mastercard is a straight credit card. Hence the talks.

Since credit cards have had only limited success in France until recently—the single home-grown one is Carte Bleue—the other major market which the major card companies are out to tap is Japan, where there are about 10m payment cards in issue.

Both Mastercard and Visa are busy making inroads into Japan. Only 100,000 or so of the cards in issue are for international use, with about 6,000 for use both at home and abroad. Interbank, the Mastercard licensor, agreed a few weeks ago to issue jointly 4.3m payments cards by the end of 1982 with three Japanese companies, Union Credit Company, Diamond Credit, and Million Card Credit. These three are associated with six major banks in the country, Dai-Ichi Kangyo, Fuji, Saitama, Taiyo Kobe, Mitsubishi and Tokai.

The Mastercard move—the 4.3m cards will replace the same number now in circulation by the Japanese companies—follows Visa's link with Sumitomo and two local card companies involving 2m cards. American Express yen-billed T and E cards are also available in Japan.

Andrew Fisher

STATE OF THE WORLD MARKET

		U.S.	UK	France	West Germany	Japan
Visa	cardholders	63.7m	6.5m	1.83m	—	1.3m
	retailers	1.85m	150,000	98,400	—	187,000
	card names	Visa	Visa	Carte Bleue	—	Visa
			Barclaycard	Nationale		Sumitocard
			Visa	Visa-Carte Bleue		
			Trustcard	Internationale		
Interbank	cardholders	57.2m	4.6m	26,860	124,950	5.98m
	retailers	2m	160,000	9,980	13,115	434,740
	card names	Mastercard	Access	Eurocard	Eurocard	Mastercard Million
						Mastercard Union
						Mastercard Diamond
						Nippon Shinpan
Eurocard	cardholders	—	4.6m	20,000	110,000	—
	member banks	—	Access members (see text)	Caisse-Nationale de Credit Agricole	All financial institutions	—

Source: Companies and European Financial Marketing Association (EFMA)

Profile

Russell Hogg

RUSSELL HOGG came to the presidency of Interbank Card Association in February, 1980 with a long record in marketing in general and in the credit card industry in particular.

His previous post had been at Macmillan Inc., the publishing group, where for two years he was responsible for the instructional book division. Before that he had had around nine years with the Card Division of American Express, where he held various positions in finance and in both the domestic and foreign operations.

In assuming responsibility for Interbank, the umbrella organisation for Mastercard, Mr. Hogg, who is 52, has picked up a difficult brief, to put it bluntly, Mastercard had been losing ground steadily to its most potent rival, Visa.

Visa was known as National Bank Americard until 1977, but the change of name symbolised a positive and successful drive for an homogenous international network which, by 1979 had given it a clear lead over Mastercard, the traditional market leader, both in dollar volume and number of cardholders. In June last year Visa was still way out in front. The industry estimates that Visa had 63.98m cardholders while holders of Mastercard numbered 57.18m. Mr. Hogg clearly had much to do.

He has been quoted as saying that "my first and foremost priority is ensuring that we get back into the competitive market."

It is something of a management truism that a company which has recently lost pole position in its market place, particularly a company controlled by an association rather than a clearly defined single owner, needs a particularly vigorous new broom if it is to challenge for its lost supremacy.

Mr. Hogg's broom has been nothing if not vigorous. He has chopped much if not all of the existing senior management, redrawn the lines of internal communication and removed all those responsible for new business within the U.S.

The third change may over the long run prove the most far-reaching. He has effectively said that he sees little new growth opportunity in Mastercard's home market and the push is thus on to develop an integrated overseas organisation.

The search for new international marketing expertise and flair within Mastercard's ranks has been stepped up and Interbank has made an important entry into the Japanese market.

Ray Maughan

Growth of Access is still impressive

ACCESS, THE credit card issued by three of the Big Four UK clearing banks, begins the year with a new card design, a still impressive rate of growth and a relatively clean bill of health from the Monopolies Commission.

Indeed, the Joint Credit Card Company, which operates Access for the three member banks, National Westminster, Lloyds and Midland, has been able to ridicule one of the Commission's main recommendations, that retailers should not be obliged to charge the same price for credit card transactions as for cash ones.

Mr. David Russell, chief executive of the JCCC, says that some petrol stations are putting a 10p a gallon surcharge on all credit card sales, which represents about a 7½ per cent premium, far in excess of the approximately 2½ per cent discount Access charges retailers.

"That's profiteering," he says. "We would be very much more relaxed if adequate safeguards were built in. Our advice to consumers is shop around."

Regardless of the pricing issue, Access has continued to grow handsomely. In the year to October 30, turnover grew 35 per cent and the JCCC was adding new accounts at the rate of 40,000 a month. It now has about 4m accounts.

However, the growth of outstanding balances—the credit on which the Access banks make most of their profits—has slowed to 13 per cent in the first 10 months of 1980 compared to 30 per cent in the same period last year.

Future developments of the Access card are not clear. All the talk is of electronic funds transfer and the use of cards at point of sale and automatic teller terminals (ATMs), but progress seems slow and uncoordinated.

Lloyds, for example, has rushed ahead of the others with its Access Cashpoint card, which can be used to operate Lloyd's nearly 1,000 on-line ATMs for cash advances against an Access account. However, these cards do not work in Midland or NatWest ATMs and, of course, Access cards issued by Midland and NatWest don't work in Lloyd's Cashpoints.

Mr. Russell was uncertain about whether the three banks would ever have compatible systems. "It is possible but, if anything, Access cards are becoming more individual. Perhaps the banks don't want to go that way. It is up to them."

Access also seems to be avoiding the rising hostilities between Mastercard and Eurocard, the two increasingly competitive organisations it represents in Britain.

In the Access facelift revealed last October, the Mastercard logo has come around to the front of the card, but Eurocard stays on the back. There have been suggestions that Midland Bank would soon issue the Eurocard travel and entertainment card in Britain, but Mr. Russell was unaware of any moves.

"We hold the Eurocard licence for Britain. We are not aware of Midland wanting to do that. If they did, they would have to come to us."

Ian Rodger

Profile

Dee Hock of Visa

VISA INTERNATIONAL is very much the creation of Dee Hock, its president. He is a highly confident man and has no doubt about what he has achieved. "We have already become the world's premier device for the exchange of value.

"In a broad sense what Visa is about is creating a system in which our member banks can offer customers the same kind of control over their financial resources, and access to them, that corporations and wealthy people have enjoyed for years."

Despite the problems Visa is having in certain European countries, Dee Hock is full of confidence about the future. "The penetration of Visa is inevitable. Within five years I do not think there will be any major European bank which will not offer one or more Visa services. And that includes Deutsche Bank." Dr. Eckhart Van Hooven, Dee Hock's great rival at Deutsche Bank, would hardly accept that.

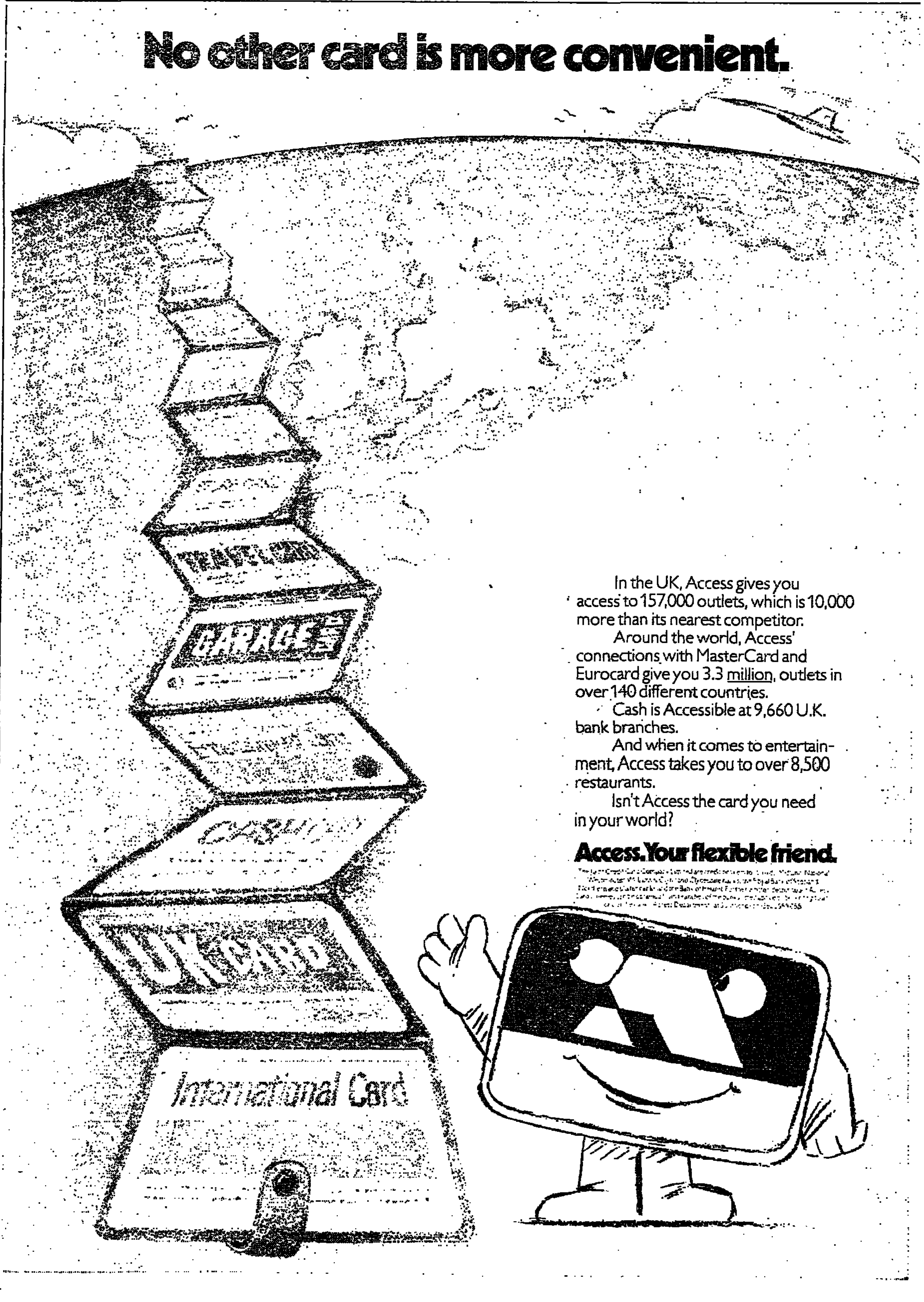
Dee Hock: full of confidence

In the coming age of electronic communication, much of retail banking becomes a process of exchanging alpha-numeric numbers, and value is simply represented by an electronic impulse. Dee Hock is quick to point out the implications this will have for banks. "Banks will no longer control the means of money transmission. Data communication companies will lease this function to anyone. In those circumstances a banking monopoly of consumer payments will no longer exist."

He sees evidence that banks are already realising this. "In country after country there is a growing awareness that banks may have to earn their place as just another competitor in the market-place, rather than get it awarded as a government monopoly."

But he sometimes thinks that banks set themselves on a collision course, with retailers for example. "They do not realise that retailers are going to build data communication systems nationwide and eventually worldwide. When that happens it will be ludicrous for banks to build their own systems for use within stores. They will be far better off contracting with retailers to modify their systems so that data is prepared in a form ready for point of entry into banking."

Michael Lafferty



LOMBARD

The legacy of Jimmy Carter

BY DAVID LASCELLES

BEFORE Jimmy Carter slips into history as the president who left office with interest rates at record levels, inflation in double digits and 52 of his compatriots in a Tehran jail it is only fair that someone should balance the record by pointing out his achievements.

Indeed, the historical perspective may well show that the big changes which Mr. Reagan has promised will cure the country's economic ills were set in motion by the peanut farmer from Plains.

For one thing Mr. Carter was an avowed free trader even though a lot of U.S. industry hated him for it, and for that the rest of the world can be grateful. He resisted calls for import curbs on cars and copper, he forebore to retaliate against Britain in the man-made fibres war. He also revoked what little protection the U.S. steel industry had against imports (the trigger price mechanism) when the largest steel company in the land accused European producers of dumping steel in the U.S. None of those industries has gone under as a result. Rather the opposite. They are being forced to become more competitive.

Controls

People also tend to overlook Mr. Carter's persistent refusal to impose wage and price controls, even though inflation hit a new post-war high. Maybe that was a mistake. But it is ironical that Richard Nixon, a Republican, resorted to controls in 1972 when inflation was running at only half the recent rate.

However, Jimmy Carter turned out in many ways to be more of a Republican than his two predecessors.

His was the first administration in decades to lighten rather than increase the regulatory burden on the U.S. economy. Virtually the entire transport industry, one of the most closely regulated in the world, is being freed from control, thanks to legislation passed in the last four years. Some smaller communities may have suffered a loss of service as a result, but generally people seem pleased with the cheaper travel that hotter competition has brought.

Although Mr. Carter's ill-fated Energy Bill got mangled in Congress, he was still able to use his executive authority to order the decontrol of domestic oil prices—a move which has had a startling impact on U.S. energy consumption—again, something for which he deserves some foreign thanks. In the garbled form in which it finally emerged from Congress the Energy Bill also paved the way for decontrol of natural gas prices in the mid-1980s.

In one of his final gestures Mr. Carter has just endorsed a report calling for the abolition of archaic geographical limitations on the expansion of the banking industry. If accepted by Congress this would create a revolution in banking.

Oil profits

When it was a matter of choosing between the free market and regulation, Mr. Carter usually went for the first. There were some exceptions: he tried to ration credit at the height of the credit crunch last spring (unnecessarily as it turned out). He also imposed a windfall profits tax on the oil industry — a peevish-looking move though politically essential if the country were to swallow the far more potent pill of oil price decontrol. And he may yet put a clamp on special steel imports.

But generally Ronald Reagan may have trouble outflanking Mr. Carter on the right. He could cut taxes, but Jimmy Carter tried that too, and found it very hard. He could hoist the flag of "re-industrialisation" to pep up the economy. But only last August Jimmy Carter took the first step in that direction with proposals to pare corporation tax, speed up depreciation allowances and ease some of the more onerous pollution control regulations. Much of what Mr. Reagan is setting out to do will build from a Carter foundation.

Village development to attract new jobs

BY BOB VINCENT

AROUND BRITAIN

NORWICH

NORWICH has for a long time been proud of the way in which it has combined its historical character with the need to generate a thriving commercial life.

In the city stands the cathedral, which was begun in Norman times, and the remains of the castle, which date back to the same period. About three miles away from these fine examples of Norwich's heritage the council has embarked on a project—Bowthorpe—which will play a large part in the city's future.

The city's efforts to attract business—it offers site rent concessions, is handy for the East Coast ports and has a good labour relations record—are now being made against a background of a rising jobless total.

Although unemployment in the city is below the national average, the numbers have been increasing steadily while vacancies have declined. In November 6,158 people were out of work, a rate of 6.7 per cent, compared with a national average of 8.8 per cent. Norwich has not been hit as hard as some areas because of its broad economic base. It is keen to maintain that base: hence projects such as Bowthorpe.

The first reference to Bowthorpe, which lies to the west of the city, was in the Domesday Book. It then had a community of 14. The area is now destined to become a development covering about 600 acres which will provide homes for some 13,500 people and jobs for upwards of 3,000 on a site for light industry, offices and warehousing. In the process the city's population is expected to grow by 10 per cent.

The greater part of the Bowthorpe site was bought by the city council in 1973 for about £9.5m, and in the same year the Bowthorpe Development Committee was set up. A master plan, which has since been amended, was approved by the council in 1974 and housebuilding for the first phase began the following year.

The area had long been regarded as a logical one for expansion. The council set out to inform and consult the public about the development, which aimed at avoiding a red brick maze that would have little or no chance of achieving a sense of community.

Mr. Jack Haggar, Bowthorpe project manager, comments that one of the key features of the development is the housing mix. The local authority and private builders are to construct houses for sale and the local authority and housing associations homes to rent. There is also purpose-designed housing for the old and young, and individual plots for sale on which people can build their own homes.

The housing ranges from starter homes to four-bedroomed detached and care has been taken to ensure that their design does not become stereotyped.

Another key concept is that of dividing the development into three villages, each with a population of roughly 4,000. These villages, the first of which—Clover Hill—has almost been completed, will have their own village centre whic hwill include shops, community facilities and schools. Work on the second village, Chapel Bank, is due to start this year.

The three villages are to be served by a main shopping and community centre which includes a supermarket, eight to 10 smaller shops, a library and health centre. The main centre has, of course, a large car park, but the plan has put a good deal of emphasis on alternatives to the car, through the network of footpaths, cycleways and bus routes.

In addition there are open spaces and parks, and detailed planning permission has been given for a large hotel close to the roundabout connecting the development with the A47.

Mr. Haggar stresses that the "village system" has been used to "engender a feeling of community and to prevent the development becoming an anonymous mass." The mixture of housing is designed to prevent large council and private estates creating a division within the community.

Bowthorpe will be hit by the sharp cutbacks in local authority spending. The council house building programme this year will be greatly reduced, compared with the 700 houses now being built.

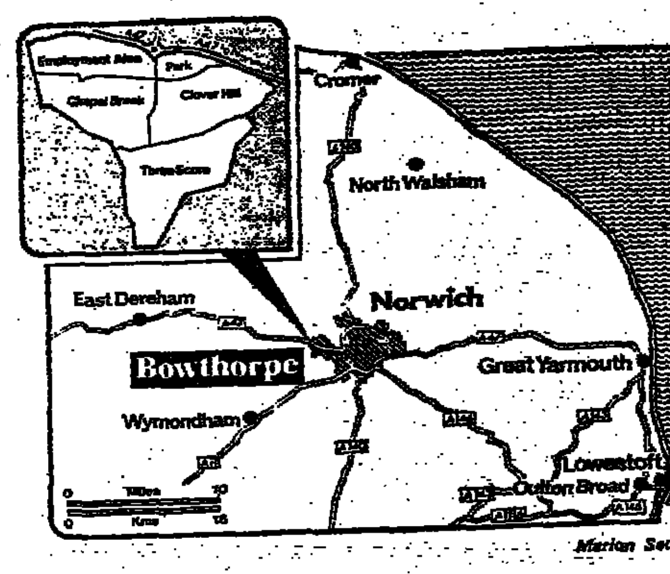
The spending cuts present a problem as far as the housing mix is concerned and some land has had to be turned over to private developers to maintain the momentum. However, the council will be able to build 40 houses on one scheme on the second phase, and it intends to ensure that the principle of a housing mix is maintained.

Because of the housing sector's problems, attention is now being focused on the industrial side. The industrial area at Bowthorpe covers 80 acres and demand for units and sites has been buoyant. The first company, Ashlow Steel, moved in over two years ago.

Another industrial development will soon be under way on the west of the city. Mr. Brian Nicholas, the city's industrial development officer, says that work should start at the 40-acre Sweet Briar site this spring. The units will range from about 2,000 sq. ft. to 80,000 sq. ft. and a private developer is putting up warehousing and industrial units on part of the site.

Mr. Nicholas says that the council wants to encourage the small businessman. To this end, it provides premises, sometimes of only 1,000 sq. ft., which fill a gap left by the private developer.

But with the cuts in spending and the deepening recession it will inevitably become harder to maintain the momentum at Bowthorpe and to adhere strictly to the main principles of the project.



Marion Sedger

Winter going for Sandown double

RACING

BY DOMINIC WIGAN

NIMRODY and Pardon pulled off a long price double for Fred Winter with victories in the Londesborough Chase and the Cardinal Hurdle at Sandown 12 months ago, and Winter must feel he has a fair chance of repeating the feat today.

Nimrody again carries the Uplands flag in the Londesborough Handicap, but Toy Master now represents the stable in the Sayer's Handicap Hurdle.

It is no easy task trying to assess Nimrody's prospects. Sheikh Ali Abu Khamsin's Tarquogan gelding, who won his third race in six weeks when accounting for Uncle Bing at Lingfield 11 months ago, never got into the picture in a three-mile chase at Kempton on Boxing Day.

However, in his previous race at Lingfield on December 6, the Winter 10-year-old had been seen to far better advantage in the Dick Francis Chase. He failed only narrowly to concede weight to Doddington Park and Mender after breaking for home three fences out.

If, as I hope, this return to one of his favourite hunting grounds brings out the best in Nimrody, he will undoubtedly prove difficult to peg back.

Toy Master too looks capable of returning to the winners' enclosure following a disappointing display of jumping last time out.

A third possible winner for Uplands is Knockakeo, among the runners for the Stanley Novices Handicap Chase.

Winter, who won the Lambert and Butler (formerly Embassy) Premier Chase Final with Credibility (1974), Floating Pound (1976) and The Dealer (1978), will run Snowtown Boy in this year's final at Ascot on Saturday week and probably Lavengro as well.

Snowtown Boy has won his last three races, including the Lambert and Butler qualifier at Lingfield. Lavengro was successful in the Cheltenham qualifier.

SANDOWN
1.00—Grecian Sovereign
1.30—Professor Plum
2.00—Nimrody
2.30—Toy Master**
3.00—Knockakeo***
3.30—Busting

HAYDOCK
12.45—Jagatek
1.45—My Buck*
2.45—Eru Mar

TV/Radio

† Indicates programme in black and white

BBC 1

12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do. 2.00 Tennis: Braniff Airways World Doubles Championship from Olympia. 3.53 Regional News for England (except London). 3.55 Play School Story. 4.20 Heyyy, It's the King. 4.30 Jackanory. 4.45 Think Again. 5.10 Grange Hill. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide, including 6.45 Sportswide.
7.00 The Superstars.
8.00 To Serve Them All My Days.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Peter Skellern (London and South-East only).
10.45 News Headlines.
10.50 Royal Heritage.
11.50-12.45 am Tennis highlights.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 1.45-2.00 pm O Dan Y Mor. 4.45-5.10 Dillad Newydd Y Brenin. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Eira Ddoe. 8.00 Tomorrow's World. 8.25-8.50 Triangle. 10.15 Music Makers. 11.00 News for Wales. 11.01-12.00 Royal Heritage. 12.00 Tennis (joins BBC 1). 12.45 am Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Evergreen Years. 10.45-10.50 News for Scotland, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland, National News. 12.45 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds); Look North-East (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Midlands Tonight; North (Leeds) Politics North; North-East (Newcastle) Mike on Friday; North-West (Manchester) Home Ground; South (Southampton) The Pacemakers; South-West (Plymouth) Brenda Wootton in the Round; West (Bristol) A Barrage of Questions.

BBC 2

11.00 am Play School (as BBC 1 at 3.55 pm).
3.55 Tennis: Further coverage from Olympia.
†5.40 Laurel and Hardy in "Helpmates."
6.00 Monkey.
6.45 Day Out.
7.15 When the Bough Breaks.
7.30 Mid-evening News.
7.40 In the Country.
8.10 The Grand Age of the Garden.
9.00 Playhouse.
10.10 Maestro: Denis Compton in conversation with Frank Keating.
10.45 Newsnight.
†11.30 "The Big Heat," starring Glenn Ford.

LONDON

9.30 am The Master Builders. 9.55 The Coral World. 10.45 Young Ramsay. 11.35 Superstar Profile (Gene Wilder). 12.00 The Magic Ball. 12.10 pm Once Upon a Time. 12.30 A Better Read. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "Message To My Daughter. 4.15 Dr Snuggles. 4.20. The Adventures of Black Beauty. 4.45 Animals in Action. 5.15 Clapperboard.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Vegas.
8.30 The Gaffer.
9.00 The Good Companions.
10.00 News.
10.30 Benson.
11.00 The London Programme: Antiques.
11.35 Mannix.
12.30 am Close: Personal Choice with William Rees-Mogg.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Pavilion Folk. 9.55 The Light of Other Days. 10.45 Patterns. 11.10 Something Special. 1.20 pm Anglia News. 2.45 Houseparty. †3.10 Friday Film Matinee: "Saps At Sea," starring Laurel and Hardy. 6.00 About Anglia. 7.30 The Incredible Hulk. 10.30 "Seven Days" Unemployment Special. 11.00 Soap. 11.30 Friday Late Film: "Why Rock The Boat?" 1.35 am At the End of the Day.

ATV

10.00 am Call It Macaroni. 10.20 Arts For Whom? 11.10 Chopper Squad. 1.20 pm ATV News. 2.45 Movie Matinee: "The Monolith Monsters. 6.00 ATV Today. 7.20 Charlie's Angels. 10.30 Soap. 11.00 ATV News. 11.05 The Fabulous Fondas: "Ash Wednesday."

BORDER

9.35 am Tarzan. 10.30 Morning Cinema: "Starbird And Sweet William." 1.20 pm Border News. †2.45 Matinee: "Make Me An Offer," starring Peter Finch. 6.00 Lookaround Friday. 6.30 Survival. 7.30 Charlie's Angels. 10.30 Look Who's Talking. 11.00 Quincy. 11.55 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 2.45 The Friday Matinee: "Gentlemen Prefer Blondes." 6.00 Channel Report. 6.30 Headline '80. 6.55 What's On Where. 7.30 The Incredible Hulk. 10.23 Channel Late News. 10.38 Soap. 11.05 Friends of Man (Welsh Sheepdogs). 11.35 SWAT. 12.30 am News and Weather in French.

GRAMPIAN

9.40 am First Thing. 9.45 Wild, Wild World of Animals. 10.10 Chopper Squad. 11.05 The Story of Wine. 11.30 George Hamilton IV. 1.20 pm North News. 2.45 Friday Matinee: "Appointment In Honduras," starring Glenn Ford. 6.00 North Tonight, including Sportscall. 7.30 Charlie's Angles. 10.30 Points North. 11.30 Reflections. 11.35 Police Surgeon. ...12.00 Seachd Laithean: News and him reports presented in Gaelic. 12.15 am North Headlines and Road Report.

GRANADA

9.30 am The Stationary Ark. 9.55 The Lone Ranger Show. 10.15 World Leaders. 11.00 Sesame Street. 1.20 pm Granada Reports. †2.45 Friday Matinee: Tyrone Power and Susan Hayward in "Rawhide." 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 After All That, This. 11.10 Film of the Book: "The Anudromeda Strain."

HTV

9.45 am Sesame Street. 10.45 Survival Special. 11.35 Young Country. 1.20 pm HTV News. †2.45 The Friday Matinee: "Twenty-Mule Train." 6.00 Report West. 6.30 WKRP in Cincinnati. 7.30 Chips. 10.28 HTV News. 10.35 Report Extra. 11.05 Benson. 11.35 Charlie's Angels.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 Aderyn Dychryn. 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

9.30 am At Your Fingertips. 9.40 Friends of Man. 10.05 Wilderness Alive. 11.00 Restoration of the Night Watch. 11.50 The Bubblies. 1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "How To Break Up A Happy Divorce 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies Through Midnight: "Quick Let's Get Married."

SOUTHERN

9.30 am Kum Kum. 9.55 World of Wizards. 11.00 Tarzan. 11.45 Larry the Lamb in Toytown. 1.20 pm Southern News. 2.45 Houseparty. 3.10 Fantasy Island. 5.15 Gambit. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 7.30 Charlie's Angels. 10.35 A World Apart. 11.20 Benson. 11.50 The Late, Late Show: "In The Year of 13 Moons."

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Survival. 9.55 Showjumping with Harvey Smith. 10.20 Music Special. 11.20 Home Nursing. 11.50 Sally and Jake. 1.20 pm North-East News and Lookaround. 2.45 Friday Matinee: "Never Mind The Quality Feel The Width." 6.00 North-East News. 6.02 Sportstime. 6.25 Northern Life. 7.30 Charlie's Angels. 10.30 North-East News. 10.32 Film of the Week: "The Man Inside," starring Jack Palance. 12.30 am Countryside Christian.

ULSTER

10.00 am Spiderman. 10.15 World Leaders. 11.00 Story Hour. 11.50 Sally and Jake. 1.20 pm Lunchtime. 2.45 Friday Matinee: "Message To My Daughter." 4.13 Ulster News. 6.00 Good Evening, Ulster. 7.30 Charlie's Angels. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Beyond Westworld. 12.05 am Bedtime.

WESTWARD

9.30 am The Amazing Years of Cinema. 9.55 Dinah Saur. 10.10 Cities (R. D. Laing's Glasgow). 11.00 Sesame Street. 1.20 pm Westword News Headliness. 2.45 The Friday Matinee: "Gentlemen Prefer Blondes," starring Marilyn Monroe. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 7.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Soap. 11.05 Politics West. 11.35 SWAT. 12.30 am Faith For Life. 12.35 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am The Indians of North America. †9.45 Laurel and Hardy in "Bacon Grabbers." 10.05 Wilderness Alive. 11.00 Young Ramsay. 11.55 The Bubblies. 1.20 pm Calendar News. 2.45 Friday Film Matinee: Glenn Ford in "Appointment In Honduras." 6.00 Calendar (Emley Moor and Belmont editions) 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Soap. 11.00 Pro-Celebrity Snooker 11.45 Lou Grant.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Friday Night Is Music Night (S) including 8.40 Steve Race on The '60s. 9.55 Sports Desk. 10.02 Listen to Les. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 This Week's Composer: Mozart (S). 10.00 Truly For Baritone (S). 10.40 Pro Arte Quintet of Zurich (S). 11.30 20th-Century Piano Music (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 The Story-Teller (short story by Saki). 1.20 Midday Prom, part 2 (S). 2.05 What the Critics Said. 2.55 Cello and Piano recital, part 1 (S). 3.25 Interval Reading. 3.30 Recital, part 2. 4.20 Friday Afternoons (S) 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Debussy's Nocturnes (S). 7.30 Paul Crossley piano recital, part 1 (S). 8.25 One Pair of Ears. 8.40 Paul Crossley, part 2 (S). 9.20 Music In Our Time (S). 10.30 Three Problems for Don Isidro Parodi. 11.00 News. 11.05-11.15 Dvorak (S).

VHF only—Open University: 11.15-11.55 pm.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.45 Old Age (short story by Chekov). 9.00 News. 9.05 Desert Island Discs with Robin Cousins. 9.45 Feedback. 10.00 News. 10.02 International Assignment: The Oil Cities. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 The Seaside in Winter. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 What Ho! Jeeves. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Award Winners (S). 4.05 Senses of Occasion. 4.15 Poetry Up To Now. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places with Richard Hudson-Evans. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 The Wit and Wisdom of Dylan Thomas. 11.45 Friday Treat. 12.00 News.

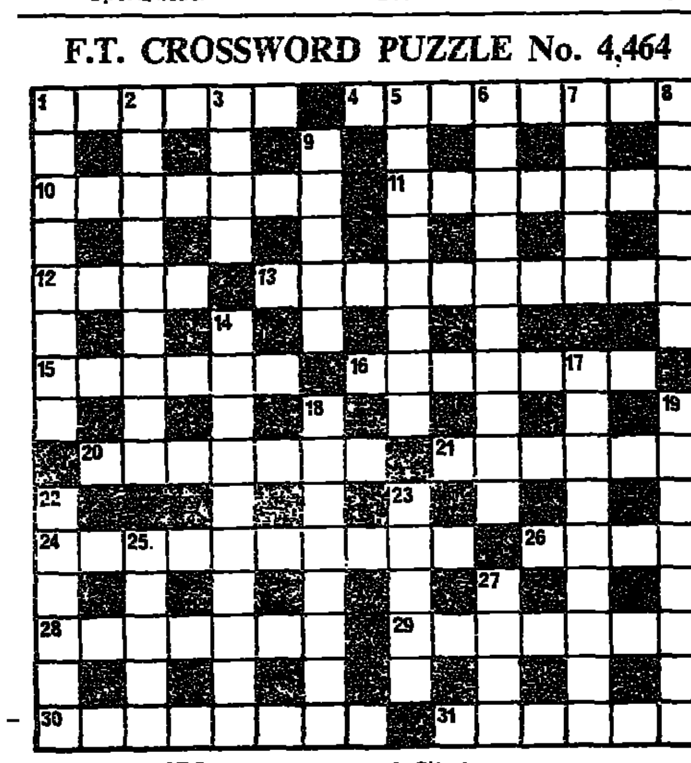
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes—Uma Ram Nath, Indian journalist reviews the week's news. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,464



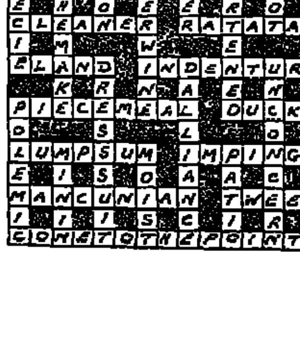
ACROSS

1 Faint-hearted person in company protection (6)
4 Fervidly hot right inside local (8)
10 A team-leader to entice to make an effort (7)
11 Active around ship that's sleeping (7)
12 Black start of deck in front of vessel (4)
13 Dark priests caught in voodoo (5, 5)
15 No late reversal in interferometer (6)
16 Group in charge of a standard work (7)
20 Permitted everything outstanding (7)
21 Alight and become stable (6)
24 Chocolate from Italian city (10)
26 Set at liberty soldiers in iron (4)
28 Country lover making Irishman revel (7)
29 Go off and walk laboriously in river (7)
30 Unruffled about notice for musical performance (8)
31 To leave one's country could be a fault (6)

DOWN

1 General dealer is to deal in credit (8)
2 Cascade mixed after being put in wall (9)
3 Climb an inclined plane (4)
5 Rule about detectives I put up to deride (8)
6 Proficient former teacher (10)
7 Stick top of can on fish (5)
8 Left unusually cagey bequest (6)
9 Lifted neckwear (5)
14 Mad movement in traffic (10)
17 Bury an assumed attitude and mediate (9)
18 Painted ancient northerner in exploit (8)
19 Showing high respect and always in charge (8)
22 Shoots at birds (6)
23 Arrived with nought but a carved gem (5)
25 Flower from half of 6 (5)
27 Monkey embracing pole in part of church (4)

Solution to Puzzle No. 4,463



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

GREENWICH THEATRE. S. CC. 858 7755. Evgs. 8.0. Mats. Sats. 2.30. SHERIDAN'S THE RIVALS.

HAYMARKET Theatre Royal. 01-930 9832. Evgs. 7.45. Wed. 2.30. Sat. 4.30 and 8.00. LEONARD ROSSITER, PRUNELLA SCALES in MICHAEL FRAYN'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE. Last three weeks, ends 24 Jan.

HAYMARKET THEATRE ROYAL. CC. 01-930 9832. FOR 12 WEEKS ONLY. MAGGIE SMITH in VIRGINIA. Opens Jan. 29. Previews 27 and 28.

STRAND. 01-836 2660. 836 4143. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davis. Group sales Box Office 379 6061.

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Amex Cards (0789) 297129. Info (0789) 69191. ROYAL SHAKESPEARE COMPANY in HAMLET tonight 7.30 tomor 1.30. RICHARD II tomor. & 14 Jan 7.30. RICHARD III 16 Jan. 7.30. AS YOU LIKE IT 17 Jan. 2.00. ROMEO AND JULIET 17 Jan. 7.30.

CINEMAS

ART GALLERIES

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Specialists in 19th C. and Contemporary Paintings of ARABIA.

WHITECHAPEL ART GALLERY, Whitechapel High Street (Tube Aldgate East) 01-377 0107. Until 11 Jan. MAX BECKMANN: THE TRIPTYCHS (in association with Arts Council). GEORGE BASELITZ: MODEL FOR A SCULPTURE. Sun.-Fri. 11-6. Cl. Sat. Adm. Free.

MALL GALLERIES, The Mall, SW1. Portrait Sculptors & Mall Prints 1981. Adm. Exhbn. Mon.-Fri. 10-5. Sats. 10-1. Until 17th Jan. Adm. 50p.

هكذا من الاصل

THE ARTS

Cinema

Nothing is what it seems

by NIGEL ANDREWS

The Stunt Man (X)
Classics Haymarket; Oxford Street, Chelsea, Hendon, and Odeon Swiss Cottage
Sitting Ducks (AA)
ICA and Paris-Pullman
Yilmaz Guney
National Film Theatre

The Stunt Man is a jack-in-the-box New Year present for 1981. However gently you unwrap it, and with what gingerly fingers you address the lid, it will jump up with a whir of its spring-coil and sock you between the eyes. In, I hasten to add, the most invigorating and pleasant of ways. This waking-up surprise for the new year is a sheer delight. Directed by Richard Rush as long ago as 1978, the film's belated triumphal entry is due to Mr. R's initial troubles in finding a studio to distribute it. 20th Centry Fox finally obliged, but until they did Hollywood no doubt fought shy of the film's whirligig plot—truth and illusion snapping at each other's tails on a California film set—and Rush's own whirling-dervish direction.

Deep in maddest Moviedom, Peter O'Toole reigns supreme as director Eli Cross: lording it over a World War One action epic being made in and around the vast domed folly of a seaside hotel. (The same one that featured in *Some Like It Hot*). Pushing his actors, extras and stunt-doubles on to ever more suicidal heights, O'Toole is a scatterbrain Sternberg. At once svelt and strong-arm, he swoops about the location on crane and in helicopter, bobbing into eye-shot not from the sides of the screen like ordinary mortals but from above like a celestially yoyo-ing Deity.

The Theseus who stumbles into this multi-dimensional labyrinth is a young criminal on the run, played with shaggy bemusement and pop-eyed boyishness by Steve Railsback. Happening to be racing over a bridge at the same time that O'Toole's leading stunt-man is driving a car off it, to what proves a fatal end in the river, Railsback is promptly signed up by the director to replace him—and eventually to repeat the stunt. O'Toole offers disguise and safety, Railsback offers willing work.

Thus begins Rush's movie-world variant on *Alice in Wonderland*. "A world where nothing is what it seems" croons a lyric, and soon the movie-within-a-movie Chinese boxes are clinking and shuttling away, presenting worlds-within-worlds of illusionism. A bombing attack on a beach that seems horribly real both to Railsbank and us—with flying bodies and severed limbs—proves merely a piece of gory magic from O'Toole's special-effects department. The old lady picking her way through the aftermath proves, on whisking away the *maquillage*, to be the movie's young leading lady (Barbara Hershey) wrinkled up for a "many years on" sequence.

But the real genius of *The Stunt Man* lies not in its slick, showman's Pirandello-isms, but in the sense of a world where human beings dodge and cower under a constant rainfall of unsolicited miracles. O'Toole's marvellous God-in-jodhpurs, slicing sibilant one-liners off his tongue and waving fey arms in grandiloquent omnipotence, is a Numinous Nuisance descended-from-the-clouds, and Railsback is his long-suffering Job keeping the faith through a constant Hallowe'en of nasty surprises.

The movie-shooting scenes in *The Stunt Man* are a joy: from single stunts to wild hyperboles of action like the long, single-take chase over rooftops covered by an impossible multiplicity of camera-angles. But no less sly and scintillating are the off-camera breathing-spaces: O'Toole waxing eloquent at the dinner-table, and blowing smoke-rings at the company like God doodling haloes, or the pudgy-funny asides and soliloquies of Allen Goorwitz as the movie's scriptwriter, the only member of the production unit dolefully cognisant that he is working for a madman.

Sometimes the film, careering along on its *route panoramique*, hits the wrong points and clatters down a branch-line. The subplot romance between Railsback and Miss Hershey would pass muster in anoter film, but here seems like a dingly detour from the love-hate Express powering through with O'Toole and Railsback on board. But the film never loses its way for long. Its *legerdemain* lyricism leaps back, scattering cliches like skittles and skywriting the delicious Absurdism of its snarl-up between reality and illusion. *The Stunt Man* is the first new release of 1981 — count yourself lucky if the year produces a better one.

A scene from 'The Stunt Man'

*

Sitting Ducks is a wobblier proposition, but wondrous also in its way: an American "road comedy," written and directed by Henry Jaglom. The path to Costa Rica for two fleeing, middle-aged men who have robbed the Mafia (Zack Norman and Michael Emil) is paved with fluffed intentions, menopausal angst and 11-hour panic. Jaglom's plot merrily bundles along, snowballing *en route* with such new characters as (i) as aspiring songwriter who becomes their chauffeur (Richard Romanus), (ii) a lady Yoga expert with nyphomaniac tendencies (Patrice Townsend) and (iii) a young waitress with a career-and-identity crisis (Irene Forrest).

This is the American Dream with built-in snooze button. Its characters think they are coasting to Paradise but keep being woken up by little shocks and back-to-reality anxieties. The cross-wire dialogues between Norman and Emil are often very funny: Norman a jabby, unflappable fast-talker, Emil a shaky-voiced but never-upstaged faddist deeply involved with sex and vitamins. These Siamese twins of Extroversion and Introversion are our two-headed guide and hero through the thickets of runaway crime, sexual one-up-manship and middle-aged "change of life."

Jaglom, who made *A Safe Place* and *Tracks* and earlier was a co-editor on *Easy Rider*, is clearly a lover of the picaresque. *Sitting Ducks* starts off at a pace spurred on by the the getaway imperatives of the robbery, and then slows down to enjoy the wonders of the passing scenery and the woes of the passing characters. (Did two fleeing criminals ever flee so slowly?) Yet an edgy, slow-burn panic informs the days and nights in chintzy motels, and there's a sense of pace and tension even when the plot seems completely becalmed.

Two wishes: that Jaglom showed evidence of a cine-eye as well as a cine-ear—the images and makeshift camerawork trail well behind the dialogue—and that the heist plot, once transcended by the comedy-of-manners, hadn't been picked up again for a routine helicopter climax and a late, let's-count-the-money coda. Otherwise no complaints, much commendation, and delight that the renovated ICA—now duplexed into a new movie-auditorium and a 50-seater "cinematheque"—should have such a grand baptism.

*

From next week a season of Turkish director Yilmaz Guney's films unfolds at the National Film Theatre. Currently languishing in jail on a controversial murder charge, Guney has made his last two films by remote control as it were, *via* off-the-set consultations with his collaborator Zeki Okten. At their worst Guney's films—like his last, *The Enemy*—can often be crude chunks of socialist pamphleteering whopping us over the head with the horrors of Third World deprivation. But at their best, as in *Elegy*, they clothe political aims and anger in a cloak of many dramatic colours and a gnarled, glowing primitivism. See and sample.

*

Finally, *vale* Raoul Walsh, the 93-year-old Hollywood director who died last week. Eyepatched and crusty, Walsh was one of those tough, forward, if-it-moves-shoot-it directors whose "artless" movies often come on stronger—and prove longer-lasting — than those of his more artistic rivals.

Exaggerated-to-demented claims were made for Walsh's genius at an Edinburgh Film Festival retrospective some years ago, when he was hailed as everything from Hollywood's last *auteur* to the cinema's first Feminist. Walsh was no genius as a movie-maker, neither a great stylist nor a great innovator. But handed a good script —*The Thief of Baghdad, The Big Trail, Pursued, They Drive By Night, White Heat*—he was one of the most rugged, lively and unfussy of all Hollywood's storyteller-craftsmen.

Paris

Comédie Française

As part of its tricentenary celebrations the Comédie Française is presenting Maurice Bejart's production of Molière's *Les Plaisirs de l'Ile Enchantée* — an extravaganza first put on as part of a week's festivities at Louis XIV's Versailles court in 1664 and never performed since.

Bejart has had to cram the component parts—*Le Mariage Forcé, La Princesse d'Elide* and the first three acts of *Tartuffe* into one four-hour-long evening and that not in some splendid torch-lit garden but in the red velvet confines of the Comédie Française's Salle Richelieu.

To solder together such unwieldy material, Bejart has put Louis XIV, played by dancer Thierry Redler, and his court, on stage alongside the plays, and made Louis the link between them. During *Le Mariage Forcé* the court, in festive white costumes, sits on plexiglass steps rising away from the audience, watching and commenting on the play.

A minor work on the favourite Molière theme of abusive marriage — here between a gold-digging coquette and a man old enough to know better — *Le Mariage Forcé* is played in commedia dell'arte style with brilliantly coloured costumes, caricatural gesture and movement and dazzling clowning. A hastily written play in the tradition of Molière's earliest farce works, *Le Mariage Forcé* originally allowed Louis XIV to appear in the second act among the professional dancers. When not directly concerned in the action, Fanny Delbrice as Dorimene, the bride-to-be of *Le Mariage Forcé* plays Marie Mancini, mistress of the young Sun King, among the "court."

Bejart's weaving in of references to Louis XIV's multiple loves continues with *La Princesse d'Elide*. Genevieve Casile plays both the Princess and Mlle. de La Valliere, the mistress in whose honour *Les Plaisirs de l'Ile Enchantée* were organised.

La Princesse d'Elide — produced in 1946 by Jean-Louis Barrault — is another work written by Molière at top speed to satisfy a Royal Command. He managed to get only the first act done in verse before having to polish the rest off in prose.

François Chaumette and Alain Pralon

The play is a brittle comedy concerning a cold and cruel Princess who says she loves no one and various suitors who compete for her attention. The Princess falls for the suitor who feigns indifference and the play charts all the psychological torment of insincerity and playing-hard-to-get. Unfortunately the climax—the dropping of the masks and declaration of true feeling—is ruined by a frivolous danced interlude, as if Bejart had suddenly got cold feet over the emotional core of the work.

By the time we get to *Tartuffe* (happily after an interval) the relationship between Louis — portrayed as an old man—and the play itself has become cumbersome. Bejart often has both courtly scene and play proper evolving side by side, making the show impossible to watch in its entirety.

Bejart's *Tartuffe* is humourless and misogynous. Dorine, the shrewish maid, played straight, comes across as a battle-axe as does Madame Pernelle, played with bags of punch by Catherine Samie. She is also Madame de Maintenon, mistress of the ageing King and supporter of the religious fanatics whose influence increased dramatically towards the end of Louis' reign.

By demanding a maximum of movement from his actors and concentrating less on the text —which excepting *Tartuffe* is not of great quality—Bejart has produced a rich and daring show marred only by occasional, unnecessary frivolity and bad costumes. The period costumes are far beneath usual Comedie Francaise standard and the fantasy costumes of *La Princesse d'Elide* are worthy of provincial pantomime. Worst of all is a sort of sub-Lindsay Kemp white face make up worn by the "court." It does not achieve the effect of courtly feast which one supposes is intended and serves only to obliterate facial expression.

NICHOLAS POWELL

Donizetti in Venice

by WILLIAM WEAVER

Though the Donizetti revival probably began sometime in the early 1950s, it became international news in 1957 when Maria Callas appeared in the Visconti production of *Anna Bolena* at La Scale. The Callas *Poliuto* followed a few years later, but in the meanwhile there were other rediscoveries. And over the past two decades or so, thanks to the partisanship of artists like Leyla Gencer, Joan Sutherland, Montserrat Caballé and Beverley Sills, a considerable part of the vast Donizetti canon has been resubmitted to the public's judgment. In some cases, the revived works have proved genuine revelations and they have taken their place in the repertory; operas like *Roberto Devereux, Maria Stuarda, Lucrezia Borgia* are now internationally familiar (not least because of recordings). But other attempted rediscoveries have failed: *Belisario, Caterina Cornaro, Gemma di Vergy*—to name only three—have been staged, even applauded, but now seem to have returned to the shelf. Fault of the opera, or fault of the revival production? In some cases, one; in some, the other. Often it is hard to define the reason for these failures.

And so the revival of *Maria de Rudenz*, which inaugurated the season at the Teatro La Fenice here, raises these questions. Written hastily in the last weeks of 1837 (while *Devereux* was being rehearsed), the opera had been commissioned by Le Fenice, where is was first given on January 30, 1838, a gala occasion, as the house was being re-opened after a disastrous fire had destroyed the earlier theatre. The cast then was stellar: Caroline Unger, Napoleone Moriani, Giorgio Ronconi; still the work was a fiasco and survived only two performances. It was subsequently given in a few other Italian houses, then dropped. Ronconi appropriated his opening aria and inserted it into other Donizetti operas; the composer transferred the grand first act finale to *Poliuto*.

The audience seemed more benevolent than the Venetians of a century-and-a-half ago. But it was my impression that they were applauding the singers rather than the score. It will be interesting to see what happens now to *Maria de Rudenz*; my own guess is that it will not acquire a new popularity. Except for a few scenes, most of it struck me as routine Donizetto, even less significant than the operas already mentioned which, after a few modern hearings, have failed to catch on.

Routine Donizetti, however, is never less than enjoyable; the work of a great talent who, on his off-days, still remained a solid, tasteful professional. Unfortunately, the weaker an opera is, the more care and sensitivity must go into its performance. And here, disagreeing with most of the audience, I found the Fenice revival wanting. Visually, it was a disaster. Mischa Scandella designed a series of black-and-white sets, which looked as if they had been scrawled over by a particularly naughty, hyper-active child. The sets also included various flights of steps and several platforms, which made movement awkward for the singers and almost impossible for the few dancers who capered briefly in the last act. The costumes were either standard or (in the case of some bridesmaids) absurd. Gianfranco de Bosio's staging did nothing to unravel the fiendishly complicated libretto by Cammarano (adapted from the French drama *La Nonne sanglante*), and at times added some absurdities of its own, including a puzzling costume-change for the *seconda donna* in the first act.

Basically, *Maria de Rudenz* is the baritone's opera. Leo Nucci, a singer of some gift, was lost in the role of Corrado. He turned this romantic, byronic hero into a verismo thug: truculent, vehement, bawling. There was no tenderness in his singing; phrases that cried out for legato were barked like staccato commands. The recitative was growled, not interpreted. And unfortunately he communicated this loud-is-good idea to the tenor Alberto Cupido who, having a smaller voice, yelled all the harder. A shame, because Cupido, too, is a singer with real qualities, including an attractive stage presence and a natural sweetness of tone which was too rarely allowed to emerge. The conducting of Eliahu Inbal encouraged sheer volume, in the orchestra as well as the singers; and the result was an aggressive, sometimes imprecise reading. When the singers needed real support (the tenor, in act two, for example, had obvious trouble with Donizetti's rhythms), the conductor seemed unable to help.

The best singing came from Katia Ricciarelli, though the title role is not ideal for her talent. Maria is a Gothic heroine: proud, impassioned, vindictive. The lyrical Ricciarelli was, expectably, at her best in the scenes of thwarted love and in the pathetic finale, but she made an imaginative and reasonably successful attempt at the Medea-like scenes.

After a few bad years, during which the Fenice lost ground and audience, the house is now under a new and experienced mangement, headed by Lamberto Trezzini (formerly of the well-run Comunale, Bologna) as Sorrintendente, and Italo Gomez (co-director of the imaginative and successful Como autumn festival) as artistic director. One hates to have to report so adversely on this first work of their season. It was clearly a miscalculation. The season continues, of course, and looks promising. I hope to write about it again, and with greater enthusiasm.

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Tricycle Theatre, Kilburn

Rien Ne Va Plus

by MICHAEL COVENEY

I never expected to see the Pip Simmons Theatre Group, hairiest and most resilient of fringe companies, sporting white tuxedos and closing a show with Noel Coward's "Twentieth Century Blues." This is by way of a re-cap on the story of a Nice casino—the title translates as "no more bets," the croupier's final shout —told in three parts.

In the first, the English play roulette after the First War, go dancing, bathing and shooting before blowing their brains out as funds trickle away. Next, the Mafia move in with red stockings for the girl flunkey, introduce poker and political opportunism and abduct the casino proprietor's daughter in a successful take-over bid. Finally, we have an occupation by the croupiers and an invitation to the public to inspect the damage inflicted on a way of life by civic corruption.

All of this, apparently, relates to what really happened. The casino in question, situated on the Promenade des Anglais, is still occupied, or so the show makes out. Only one point in the history is made with real conviction: the four poor boys from "Orgonzola" ask us to permit their exploitative role on the grounds that laws created by self-interested bourgeois (i.e., us lot sitting in the audience) can be justifiably flouted by deprived crooks who have an equal claim on the world's wealth. The point, however, is too buried, and for once the Simmons assault on liberal reflex reaction misfires.

So, in fact, does most of the production. There is no binding spirit beyond the narrow aim of wan parody. And the parody is often just a parody of parody, as in a tribute to the niceness of Nice that echoes Sandy Wilson. To be fair, the same composer comes to mind in the show's best number, a blues song for the lady croupier and company that is set to the recurring tango rhythm. And on this occasion, the elements of surprise staging (the croupier ends up spun on her own roulette wheel), blowzy musical accompaniment and throwaway harmonization cohere into a momentarily satisfactory whole.

For the rest, despite the admirable efforts of such stalwarts as Sheila Burnett, Rodney Bedell and Chris Jordan, one feels that the company is going through the motions without much conviction. Nor does the event do much to dispel the suspicion that the Arts Council's increased support of the venue is one of the more scandalous anomalies in the recent shake-up. The theatre itself, a prefabricated Cottesloe, is a delight. But who will deliver the goods?

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Not the way to pick a team

THE NEW European Commission has not emerged with great dignity from three days of haggling in Brussels over its members' portfolios. In their bid to gain or retain the best jobs, individual Commissioners *have had to play virtually every* political card in their hands—and some *from* the sleeve—rather more publicly than some of them would have perhaps wished. Mr. Christopher Tugendhat's appeal to Mrs. Thatcher to help him preserve his budgetary fiefdom stretched the rules of the game to its limits.

It has, of course, become accepted *that* the *senior* nominees of the more powerful governments have a right to the best pickings. So, too, it has been clear this time round, do heavyweight incumbents like Viscount Davignon of Belgium or Denmark's Finn Gundelach, who have already managed to establish a Brussels power-base.

Power play

Those who suffer in the process are likely to be newcomers from small countries, in this case personified by Mr. Michael O'Kennedy of Ireland, *who has had to settle, after the* British power-play in favour *of Mr. Tugendhat, for what may* well turn out to be a non-job. Viscount Davignon, on the other hand, has managed to expand his empire to include energy as well as industrial affairs—far more than his fair share.

It would be astonishing in these circumstances if all 14 Commissioners finished up in the positions to which their talents are best suited. The factors at work are the desire of Governments for a *particular* post for one of their own *nominees, their ability to secure* it and the personal ambitions of the *individuals concerned.* Qualifications for the job are at *best marginally relevant.* And yet these are the men (there are no women among them) whose job it is to act as the "motor" of the Community and produce often highly technical and politically charged proposals to further the cause of European integration. One would not choose a Board of directors, a national Cabinet or a football team on such a basis.

The first point to remember, however, is that this is not the Commission's own fault. Member Governments *have a habit* of appointing second-rate people *to the Commission and then* complaining when they prove ineffectual. Big Governments claim important portfolios for their nominees, regardless of their suitability for the task. To be fair, it must be said that supposedly "European" Germany, followed by Italy, is by *far the worst offender.* Britain and France have always tried to find capable recruits for Brussels. The fact remains that Governments on the whole get the Commission they deserve.

In October 1979, three so-called "Wise Men" *(Mr. Barend* Biesheuvel of the Netherlands, *Mr. Edmund Dell of Britain and* M. Robert Marjolin of France) came up with some sensible suggestions for improving the working of the Community's institutions, not least of them the Commission. Although they were specifically asked to do so by the Nine Heads of Government, *the same heads of government have persistently declined to give their proposals serious* consideration.

One of their recommendations was that the number of Com*missioners should be limited to* one per country (the four "large" countries currently have two each), another was to give more power to the President of the Commission in choosing his team and allocating portfolios. If those recommendations had been carried out, we would probably *have* been spared the unseemly haggling of the past few days. *There are* simply not enough "good" jobs *to divide among 14 Commis*sioners, let alone among 17 if *and when* Portugal and Spain follow Greece into full membership.

Mirror

The problem is unlikely to go away *until member* governments stop treating Commissioners as their own national representatives in Brussels. As long as this is the case, the bigger countries will want two posts rather than one, particularly if they can plant their nominees in policy areas in which they have a special interest — like Britain in the budget and France in Third World development—inevitably undermining the Commission's independence. If the Commission itself is to be criticised it is for having accepted too readily this role as a simple mirror of national interests.

The truth is that the *governments,* or at least the bigger ones, *do not want a Commission* that is too independent, and a *vicious circle is created.* If the Commission has little power, *the best people will not want* to serve there—so its power will *continue to decline. If the* 14 members of Gaston Thorn's Commission want to stop the rot they must assert their independence from the governments that have appointed them — in the wider interests of the Community of which they are meant to be the guardians.

Policing the police

THE Royal Commission on Criminal Procedure, whose report was published yesterday, set out to recommend changes which would consolidate and regulate the powers of the police and provide a balance of checks against their abuse. It *seems to have succeeded in the* first but failed in the second. *Police powers concerning* arrests, detention, searches and questioning of suspects are now based on a great and confusing variety of rules, partly statutory and partly judge-made. The Commission's recommendation that this miscellany of powers and rules should be rationalised and put into statutory form, that there should be a single *code on criminal investigation,* understandable to everybody, *deserves unqualified welcome.* Indeed, even if this code should in certain respects give the police greater powers than they wield at present, its clarity will provide some protection against abuse.

Review

The Commission proposes to give the police the power to *stop and search on reasonable* suspicion and to arrest, without a warrant, if this is essential to stop an offence being committed, to prevent interference with witnesses or evidence, or other specified purposes. There should be a review after six hours, where it is still necessary *to continue the arrest, and every* detainee would have to be brought before a judge within 24 hours for authorisation of further detention. These powers may not be all the police would like, but the need for them will still have to be demonstrated in public debate.

It is in *the recommendations* proposing checks on police abuse of these powers that the report is most disappointing. The proposal that there should be no further delay in establishing prosecuting solicitors' depart*ments—recommended* by the Royal Commission on the Police in 1962—and that *such* departments should be headed by a new, independent, "Crown prosecutor," could be beneficial by into the present system, but it would still leave the primary responsibility for bringing offenders before the courts with the police.

This is an unhealthy combination of investigation and prosecution. Still less satisfactory is the recommendation that the operation of the new code should be subject exclusively to internal disciplinary procedures of the police force. It is no great *over-simplification to say that* the Commission seems to rely *too much on the policeman's* notebook and its scrutiny by his superior officers.

Bargaining

The Commission gave much thought to the improvement of records made by police officers when interrogating suspects. Such records can be, and are, distorted by police all over the world, not only by misrepresenting "confessions," but also by leaving out statements important for the defence. There is no other safeguard against *unfair records of interrogation* than to give the accused the right to exclude all police records of his statements from evidence submitted in a trial.

Police records of statements become an important *factor in* plea bargaining even before the *case comes to trial. No one* knows how many cases are settled in this way in the UK, but in the U.S., where plea bargaining is officially regulated, some 90 per cent of all criminal prosecutions are settled in this way. Yet the Commission hardly touched this *important problem.*

Better checks of the use of police powers are by no means dictated only by libertarian considerations. They are essential for the public's trust in the *police and, because of the racial* overtone of the discussion concerning these matters, for greater harmony in a multi-racial society. This, however, will hardly be achieved by improvements in the public relations of the police. No amount of legislative and *practical improvements* in criminal procedure will reduce *unhappiness, frustration and* the resulting criminality in the under-privileged *strata of* society. An increase in employment opportunities for young people, and for coloured young people in particular, is vital.

THE SOVIET UNION

A fine rain washed the streets in Donetsk and the air was suffused with a smoky mist as a group of men gathered at the bus stop across from the Butovka-Donetsk coalmine after working the night shift.

"We all know about Poland," said a *miner standing* in the faint light of a street lamp. "But what can we do about it? We are for the Polish workers but if we attack Poland today —tomorrow it can be us."

I had gone to Donetsk in the *eastern Ukraine to speak to* miners with the help of Mr. Alexei Nikitin, a former engineer at Butovka, who had been in conflict with the Soviet authorities since leading a miners' protest in 1969.

Mr. Nikitin was arrested on December 12, three days after a colleague and I left Donetsk. While we were in Donetsk he was ready to speak to us about conditions in the mines and, in his presence, other miners were ready to speak as well.

We also met, during our stay *in Donetsk, officials of the* Gorlovka mine, which is one of the Donetsk mines which is regularly shown to foreigners, but we did not meet with officials at Butovka where foreigners are almost never taken.

In four days of conversations *at bus stops, in the barren parks* outside mines and in communal *flats with water dripping from* the ceiling, the miners clearly indicated that all the conditions which led to worker unrest in Poland exist in more extreme form in the Soviet Union.

The vulnerability of the individual miner in the Soviet Union could be compared to *that of a worker in, say, a U.S.* company town where a single *corporation comes to dominate* the entire town, including the local law enforcement agencies. In the Soviet Union, however, the company town is backed by the full power of the state.

In Donetsk, the directors of the mine are chosen by the local committee of the Communist Party which also selects the judges, city officials and state procurators. They are responsible for prosecuting violations *of the law, including the labour* code. The mine management *has, therefore, close* ties with anyone to whom the worker might turn for recourse in dealing with the management. This *power* is magnified further by

The Butovka-Donetsk coal mine Where Alexei Nikitin says he led a group of workers to ask for a Sunday bonus

Where some miners are more equal than others

By David Satter, Moscow Correspondent

the fact that the directors of the mine control not just the work place but, to an appreciable extent, living conditions as well.

The allocation of separate apartments, for which miners *may wait in communal flats* shared by two or more families for as long as 25 years, is completely in the hands of the mine, which is free to change the queue order, and this can lead to scenes of anguish as people who have waited most of their lives for separate apartments are passed over year after year.

The management also decides who receives prized vacation packages for a few weeks by the sea once in 10 to 15 years and decides if a miner may join the queue for such relative luxuries as a car and some types of furniture and carpets. The mine must *support applications* by a miner for credit at local shops.

Mine and factory directors and all local officials are united by a common interest, which is seeing to it that every enterprise fulfils the Plan. The work in the mine is organised with one single goal in mind—that it should meet the targets laid down in the Plan.

Under these circumstances, abuses take place not because the law is repressive or because it does not exist but rather because no one in authority has an interest in seeing it enforced. The *official* trade unions are subordinated to the *management of the mine and* although they can defend miners accused of drunkenness or truancy, they do not defend those fired for insisting on their formal rights.

At Butovka, for *example,* miners are formally only *required to work a five-day* week, but plan fulfilment is impossible *on* a normal schedule and Sunday long ago became a regular working day. In November, the miners worked all five Sundays at Butovka, and, in violation of the rules, were paid double time for only two of them. It was said that anyone invoking his formal right to refuse overtime work would immediately be dismissed.

Shifts are juggled so that a worker may work three different shifts *in the course of a* month. Compensatory time oc has to *be taken only during* shifts when equipment is being repaired regardless of when it was earned. The discontent to which these conditions give rise is aggravated by the fact that for many miners, the reward for their labour is not very high.

Many miners in Donetsk return home to crowded communal flats. In one apartment I visted, a man had lost his legs in the mine 40 years ago, slept in a communal kitchen while his wife and their son, who also worked in the mine, shared a shabby adjacent room in an apartment with no *running* water.

In the wake of unsuccessful grain harvests, the housing problem has been aggravated by food shortages. In the queue at a dairy products store near the Butovka mine, people said that *milk* supplies run out by mid-afternoon and complained of shortages of cheese and eggs. The State meat store did not even bother to open for the day but stood shut and *padlocked,* its empty counters visible through a window in the door.

In this situation, miners in another country *might strike for* better conditions. But the miners in *Donetsk* hesitate to even discuss any collective action because the system which has evolved in the mines over the years has left them convinced that unlike the Polish workers, they cannot count on the *solidarity of the working* class.

The guarantee that there will be no collective action by workers in the mines is ensured by the management's success in engineering a split in the workforce. According to a well established Soviet practice, for every job in the mines, except the most menial, there is a model brigade made up of "udarniki" or "achievers," *who are chosen for their loyalty* to management and who receive the best *equipment,* first access to materials and spare parts, and the best conditions.

This inevitably creates a highly paid, privileged group of up to 25 per cent of the work force which, in exchange for its privileges, will back management in any confrontation.

The division of the work force into two mutually watchful and distrustful parts demoralises the workers and *greatly strengthens the hands of* management, leaving them free *to "pick off" dissenting workers* as individuals.

This is why the workers I met expressed little hope of *free trade unions on the Polish* model appearing in the Soviet Union. Years of experience with the system which prevails in the Donetsk mines, have convinced them that there are few things as hopeless as a challenge to the power of the Soviet state.

The bonus claim which changed the life of Mr. Nikitin

A CHALLENGE to the management of a Donetsk coal *mine is so rare that, 11 years* after Mr. Alexei Nikitin dared *to make one, he is still re*membered by some miners at *Butovka-Donetsk with a mix*ture of astonishment and regret.

A mining engineer and former *member of the Com*munist Party Mr. Nikitin, like *the Polish trade union* leader Mr. Lech Walesa, has *had to endure long years of* unemployment, and in addition years in Soviet prisons and mental hospitals.

Mr. Nikitin says that his difficulties began in December 1969 with a single act whose consequences have shaped his life to this day. He led a *group of workers* to see Mr. Viktor Savitch, the director of the Butovka mine, to complain that no bonus was being paid for extra coal produced on Sundays.

The complaint was rejected so Mr. Nikitin and 129 other miners sent a letter to the Communist Party Central Committee in Moscow. The letter was referred back to *the Donetsk party and* Mr. Nikitin was dismissed in February 1970. The *majority* of the other miners were forced to renounce their signatures.

Unable to find work, but convinced he had done nothing wrong, Mr. Nikitin says he went repeatedly to Moscow to appeal against his dismissal in the reception halls of the Supreme Court, the Supreme Soviet, the Soviet Procurator and the Central Committee of the Communist Party.

In the reception halls every complainant is under surveillance and anyone can be seized for what is euphemistically described as a "conversation" with the admitting doctor at a mental hospital. During his long waits Mr. Nikitin says he met many other "truth seekers," as they have been known for centuries in Russia. They had some to Moscow from all over *the Soviet Union.*

Mr. Nikitin's experiences over a period of two years correspond closely to those of other *plaintiffs.* He was referred from one official *organisation* to another and obliged to fill out new and *ever more numerous forms at* every stage. In the end he was *referred back to the* organisation where he started, *which claimed to have no* knowledge of his case.

Mr. Nikitin says he could not accept that there was no *hope of final justice and on* April 15, 1971, he entered the Norwegian Embassy in Moscow with appeals intended for *the United Nations and the* World Federation of Labour.

He says he was seized on the street in Moscow a short time afterwards and taken to a psychiatric hospital before being sent back to Donetsk. There he was arrested on January 13, 1972, and taken to Donetsk prison. He was, he says, pronounced mentally ill in his absence. And in June he was taken to the Dnepropetrovsk special psychiatric prison.

Mr. Nikitin says that, judging by external indications, the majority of the inmates at Dnepropetrovsk were sane. He met a Soviet soldier who, while serving in Egypt, had tried to cross the border into Israel, Ukrainian nationalists, Baptists who had distributed leaflets, and worker dissidents *like himself,* including Vladimir Klebanov, who is said to *have tried* to organise the Soviet Union's first independent *trade union in 1977.*

The inmates were treated with sulfizine, a powerful behaviour modification drug, which causes prolonged, agonising convulsions. The treatment *continued for* months until patients showed signs of complete physical and moral submission. Mr. Nikitin was freed in March, 1976, after four years at Dnepropetrovsk, and he returned to Donetsk, where he moved in with his sister.

Despite repeated attempts, he was unable to find a regular job and, unwilling to accept his helplessness, Mr. Nikitin finally returned to Moscow and on February 22, 1977, entered the Norwegian Embassy to request political asylum. The request was denied. Mr. Nikitin says he was seized when he left the embassy and sent back to Dnepropetrovsk, where he says he was again "treated" with massive doses of behaviour modification drugs for three years until his release in May, 1980.

I met Mr. Nikitin in Moscow in the autumn shortly after he had been examined by Mr. Anatoly Koryagin, a *Kharkov psychiatrist,* who had pronounced him completely sane. Intrigued by his story, a colleague and I travelled to Donetsk last month to speak to Mr. Nikitin about his experiences and also to meet other miners who were willing to talk about conditions in the mines.

The opportunity was an important one because although hundreds of visits to mines and factories are arranged every year for foreign correspondents by official Soviet organisations, there are relatively few possibilities to talk to Soviet workers under normal conditions.

On December 12, three days after we left Donetsk, Mr. Nikitin was arrested. He vowed before we left that if arrested he would begin a hunger strike and that, if placed in a mental hospital, he would not allow himself to be treated with behaviour modification drugs. His present whereabouts are unknown.

MEN AND MATTERS

Labour's loss leader

With 600 expectant spectators paying £3 apiece to witness Labour's one-day Wembley wrestling match on January 24, *party treasurer Norman* Atkinson must be rueing the *potential revenue lost from ring*side seats at earlier rounds of *the long-running polemical* brawl.

The £1,800 contribution towards the cost of staging the *special conference will be grat*fully welcomed by the impoverished brothers. But what a killing could have been made at the last two seaside entertainments.

Selling seats at what could be the critical final bout over the party leadership was the idea of that prolific policy initiator Anthony Wedgwood Benn. He even suggested that journalists should also be charged for their tickets, but that proposal was vetoed.

In the event, passes for Press and television reporters are *going to be far from freely* available. Quite apart from the *seats reserved* for the party's paying guests, there has been what Labour staff describe as "an unprecedented surge of interest" in the event from trade union and local party delegates. Some 1,250 have so far applied for tickets and more are expected.

Which leaves precious little room for anyone else. Television cameras are being restricted to those of the BBC and ITN. *Other filming* is being banned completely. And passes *will be issued to only 200* reporters — a fifth of the number *who usually* cover the party's conferences.

"Good Heavens — Granville must have said 'Jump'"

Coach trip

As Malcolm Allison, Tommy Docherty and scores of others can testify, football manage*ment is a high risk occupation* these days with swift and severe penalties for failure.

Even more so, it appears, in the United States where the only real topic of conversation in the capital this week has been the sacking of Jack Pardee, coach of the Washington Redskins.

He is the third top-line American football coach—*a rare* breed of 28 broad-shouldered, short-haired men with finger nails bitten to the quick—to be kicked out of a job in the past few weeks.

In Houston where football is *a fundamentalist religion* O.A. (Bum) Phillips got his cards *when his team, the Oilers, lost* one game in the play-off for the championship.

Pardee got his marching orders from Redskins' owner Jack Kent Cooke after a losing season and a dispute over "*coaching philosophy,*" but will still be paid an estimated $250,000 *for the remaining* two years of his contract.

The question on *everyone's* lips in Washington now is whether Cooke, who started his business career alongside the late Lord Thomson in Canada, will bring back George Allen, Pardee's predecessor who was fired for winning games with old players when the fashion was for more youthful sides. Allen, currently a television commentator, was counted a more important Nixon ally in the capital than Alexander Haig.

Washington, you will have gathered, takes football seriously. Season tickets for the Redskins are such valuable commodities that they are bequeathed in wills. And when *a recently retired player was in*jured in a car crash, thousands *queued to donate blood.*

Blue humour

Where, I asked hopefully, is the City's answer to white-suited Wall-Street-tumbling Joseph Granville? Nowhere, they answered, is a maverick tipster of such power to be found. But as far as a little calculated flamboyance is concerned — the all-singing *all-dancing* Brian Marber, chart and technical *analyst at Simon and Coates, is* your man.

The all-dancing bit proves something of an exaggeration, but certainly Marber's songs, including "There's no Business like Dough Business" and "I've got a Yen for the Yen," have enlivened many a ponderous audience.

Marber's humour infuses his *notes,* which he says otherwise disinterested parties read for the jokes. *Belying to a degree,* I think, his own contention that "the Square Mile is the Squarest Mile in the World."

His Cambridge career included a presidency of Footlights, during which he takes some credit for the discovery of Jonathan Miller. He is there. *I leave you to guess precisely* where, in Frederick Raphael's "*Glittering Prizes,*" and later produced a revue featuring *Gerald Harper and Gemma* Jones.

This, *surely, must* be the City's most sought-after luncheon guest? Not exactly, says Marber. "The possession of a sense of humour in the City is no passport to riches. Having one is bad enough. Daring to use it is worse."

Game, set, mismatch

The star-cross'd career of the Videomaster television games business *rescued* from the Receiver by John Waddington in the Spring of 1978 deserves recalling, mainly in the directorial prose of Waddington's chairman Victor Watson.

Annual report, 1977-78: "The company is a brand leader in games played in conjunction with television sets."

Outcome: Philippines supplier's factory destroyed by typhoon, stocks inadequate for Christmas, games and playing cards division loses £1.26m.

Annual report, 1978-79: "The company organisation is now viable, with skilled technical staff, reputable suppliers and new products."

Outcome. Once again, stocks inadequate for Christmas, losses £0.4m in games in the first half of 1979-80, staff cutbacks and £2.9m provision.

Preliminary statement, 1979-1980: "We believe that the provisions will cover the cost of *bringing the business under* control."

Outcome: Further losses and provision of £2.2m in the first half of 1980-81.

Interim statement, 1980-81: "It is now clear that . . . our expectations of what could still be done to offset the damage of earlier periods were overestimated."

Care-worn

Heard in Harrods: "In the old days, of course, we had a nanny, housemaids and a butler — but now we're just members of the indigentry."

Observer

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POLITICS TODAY

All in an afternoon's work

MRS. THATCHER'S first experiment in reshuffling her Cabinet has gone off with a rather bigger bang than might have been expected or, to be more accurate, with a series of delayed detonations.

The Prime Minister's own description of how she set about it was given in her interview with Thames Television on Tuesday. "I did it quietly, without fuss, efficiently and in the normal incidence of the day's work during the recess." And the awful thought is that that is probably true. There was a free afternoon and no pressing business of state. Why not reshuffle the Cabinet, bearing in mind that there had been a certain amount of difficulty during the latest arguments over public expenditure?

The problem is that neither in policy terms nor in terms of personalities do the changes appear to hang together. It was a neat move to put Mr. Leon Brittan in the Treasury. But for the rest it is not clear that Mrs. Thatcher has grown any stronger, nor that she has succeeded in imposing more of her own image on the Cabinet. Indeed she may even have lost some ground. For in making the changes now the Prime Minister has denied herself the opportunity of making other more considered and more comprehensive changes for some time to come.

The key figure is Mr. Francis Pym and the key question is whether he has been demoted, promoted or simply moved sideways. The answer is that nobody seems to be quite sure, including Mr. Pym.

Mr. Pym was the first of the Ministers directly involved in the changes to be summoned for talks at the weekend. It was a long, communicative, even warm conversation. The Defence Secretary advanced some of the reasons why he should not be moved at that stage. He had not been too happy in the job in the first place, but by and large he was now on top of it and there were some pressing decisions coming up—not least how to deal with the new American Administration.

The Prime Minister demurred. She wanted him to be Leader of the House and holder of a whole lot of other titles as well, Chancellor of the Duchy of Lancaster and Paymaster General. Mr. Pym consented. It is, after all her prerogative. Not unnaturally, thoughts have been turning to how Mr. Michael Foot successfully combined the roles of Leader of the House and Deputy Prime Minister in the last Government. But Mr. Pym is very definitely not Deputy Prime Minister, or at least not yet.

The important point is that how his various new roles will be coordinated was not much discussed. True, he will have an even greater part than before in Cabinet Committees and therefore in Government decision-making across the board. But that is about all. The rest is still to play for.

Mr. Norman St. John-Stevas, the chief victim of the changes, is not alone in taking the view that Mr. Pym has been demoted. According to this rather plausible theory, Mrs. Thatcher wanted to get him out of Defence before there was another row over defence expenditure, a possible Pym resignation and retreat to the back benches where he could have been a considerable threat to her authority, gathering support from both the Left and the Right of the party.

The Prime Minister looked round at the posts available and the only one suitable was Leader of the House—especially if dignified by the other titles—so Mr. St. John-Stevas had to go. Mr. Pym has excellent qualifications for the job. It is no discredit to Mr. Stevas to say that it was he—Mr. Pym—who first pressed the idea of the new Select Committees on a reluctant Mrs. Thatcher when still in opposition. Mr. Stevas carried it out and did it very well. But Mr. Pym was the father. He also has much more weight in the party and in the House than Mr. Stevas would ever aspire to.

Still, Mr. Pym's shift is the only one which has potentially significant policy implications. At the very least, it suggests that fundamental policy decisions are being postponed.

For a start, Mr. Pym is right in saying that the period of awaiting President Reagan is an odd time to replace the Defence Secretary. Mr. Reagan is expected to demand greater European defence expenditure. European-American relations at present are somewhat strained and it would be appropriate for the Europeans to have some prepared response. It would also be useful for the British to have a Defence Secretary who is at home in the NATO councils.

It is not just a matter of the pledge to the Alliance to raise defence spending by 3 per cent a year in real terms, about which so much fuss has been made. The fact is that even if Britain does provide the extra 3 per cent next year, it will still be inadequate to allow the Defence Ministry to do all that


❛ The Prime Minister looked round at the posts available for Mr. Pym (left), and the only one suitable was leader of the House—so Mr. St. John Stevas had to go.❜

it wants and has planned. Defence costs are simply rising much faster than other costs. You have to spend more and more in order to buy less and less. The problem is not confined to Britain: even the Germans have been feeling it.

Mr. Pym had been working towards a NATO approach under which all members of the Alliance would review their commitments and responsibilities and perhaps come to a more cost-effective division of labour. For example, one country might concentrate more on building up its navy and another on air support. For Britain, if this is notachieved, the next step is almost bound to be a new look at its overall defence commitments. It remains highly improbable that a Conservative Government would decide to give up the independent nuclear deterrent, but that is the sort of choice that the country is going to have to face unless defence expenditure and defence organisation are radically reformed. (You could try putting out the contracts to the Japanese, but that is not exactly this Government's style.)

Mr. John Nott, the new Defence Secretary, is, along with Mr. Leon Brittan, the outstanding example of a clear promotion. It is possible that he might be a better manager of a large department than Mr. Pym, and he may be less handy at the threats of resignation.

But it is very difficult to see how he can be any more successful in resolving the fundamental dilemma. This is that the Government is committed to spending more on defence while containing or cutting expenditure in general, and that it has found that the resources are not available. It also requires some stretch of imagination to see Mr. Nott having the stature to negotiate effectively with his American and German counterparts. He has a very low boiling point.

In the end, he will probably go ahead with the Pym plan, take the problem to NATO and seek a greater degree of defence specialisation among the member states. But a certain amount of time will have been lost for no particular policy purpose. It comes back to Mrs. Thatcher. It is she as much as anyone else who wants to maintain Britain's role in the world, but who declines to accept that there may be insuperable difficulties.

At the very least, decisions have to be made which go beyond paring the odd £200m from the current defence budget. All that has been done before, many times. The threat of an embarrassing political resignation may have been averted by moving Mr. Pym, but the political choices have been only postponed.

On the assumption, which I think is correct, that the Cabinet changes did revolve around Mr. Pym, the rest of the moves fall into place. The only possible fall-guys were Mr. St. John-Stevas and Mr.—now Sir—Angus Maude. Mr. Maude had already offered to go "when convenient." but seems to have done so in the manner of St. Augustine: "Lord, make me chaste, but not yet!" He was a bit surprised about the timing.

Mr. Stevas was considered dispensable. On Sunday evening when telephone calls were being made from the Prime Minister's Private Office, it was thought possible that Sir Ian Gilmour, the Deputy Foreign Secretary, might be out. Sir Ian has been at least as strong a critic of the Government's economic policies as Mr. Stevas, but he is protected by Lord Carrington. Besides, only Mr. Stevas and Mr. Maude between them held jobs appropriate for Mr. Pym.

As it was, Mr. Stevas might still have remained in the Government. He was offered continuing responsibility for the Arts outside the Cabinet and might even have accepted, had the job not been about to be moved back under the aegis of the Department of Education and Mr. Mark Carlisle. (In retrospect, perhaps Mrs. Thatcher seriously expected Mr. Edward Heath to accept the post of Ambassador to Washington when she became Prime Minister).

Mr. John Biffen was moved sideways. He has been a notable success in the House of Commons, but was less adept as Chief Secretary to the Treasury. "The trouble with John Biff," everyone had begun to say, "is that he always sees the other person's point of view." That is not precisely what a Chief Secretary is meant to do. Nor could he be reasonably asked to have yet another try at expenditure cuts after all those goes.

Mr. Brittan, his successor, should have a much better eye for detail as well as greater powers of concentration, and should be a much tougher negotiator. Sir Geoffrey Howe clearly had a hand in his appointment. The Chancellor of the Exchequer is a much more ambitious — and more effective — politician than is sometimes realised.

What Mr. Biffen will make of a rag-bag of a Department like Trade is anyone's guess. Perhaps it doesn't matter. He will have plenty of time to discourse on the wider political scene.

The view that Mr. Stevas was sacked "*pour encourager les autres*"—that is, as a warning shot to the other Cabinet critics of the Government's economic policies—may have some substance. But the deterrent is unlikely to work. I can find no evidence that either Sir Ian Gilmour or Mr. Peter Walker, the Minister of Agriculture, are ready to change their ideas, nor their willingness to proclaim them in private and in public.

Mr. Stevas is genuinely distressed by the idea that he was dismissed for leaking the details of Cabinet discussions. Sir Ian and Mr. Walker are not great leakers: they just tend to disagree with Mrs. Thatcher on many issues and don't mind saying so.

In short, the Prime Minister has not changed anything very much. It may have been a routine afternoon's work to shuffle a few people around. But the Tory Party is too diverse for that to be a solution. It is still not clear that Mrs. Thatcher's Government is very well organised.

Malcolm Rutherford

Letters to the Editor

Advertising liquor

From Mr. P. Kyle.

Sir,—I was interested to read the article (December 31) reviewing a report on the drink trade by Dr. Martin Duffy of Manchester University Institute of Science and Technology which exhorts the Government to use a "high tax way to cut drinking." This work apparently contradicts that carried out by Dr. Tony McGuinness of Sheffield University which was published last year. This study concludes that a 10 per cent increase in price would lead to only a 2.5 per cent decrease in the volume of drink consumed. Thus there would be an overall increase in drinkers' expenditure of 7.5 per cent which in turn would entail their spending less on other products.

As I doubt that the 2½ per cent decrease in consumption would be equally borne by all consumers and would almost certainly not be borne by those who are suffering from the "evils of drink," only the Government will benefit, having gained a 7.5 per cent increase in revenue from the pockets of susceptible non-alcohol producers. Though McGuinness's study was admittedly somewhat limited it illustrates, in all its aspects, the complexity of the situation and the amount of research required before any policy involving the attempt to reduce demand by statutory restrictions can be safely adopted.

As in the case of the cigarette market, advertising of alcohol was not found to have a significant effect on overall demand in either of these studies. I have no doubt that, as in the case of smoking, this fact will also prove unacceptable to Government Ministers. The simple fact that producers within a market wish to spend money on advertising appears to convince them that any decrease in advertising expenditure will result in a contraction of that market and corresponding increase in the expenditure of the consumer's resources on other more acceptable markets.

For a market as a whole (and I have examined motor cars, radio and electrical goods and furniture and fittings, as well as cigarettes and alcohol) not one scrap of evidence has yet been produced to show that this assumption holds good. In the case of tobacco, a very good argument can be put forward that those markets in which all advertising is banned (eg the East European) have not decreased but have simply stopped developing in socially more acceptable ways, with the result that the non-filter, high tar cigarette has maintained its position.

A much better explanation for the existence of advertising may be found if its effects are considered within markets and not between markets. Here there are many close product substitutes (brands) of varying degrees of success. That success depends upon each brand's ability continually to adapt to consumer needs and to inform the consumer of its benefits vis-a-vis competing brands. Continued existence depends upon continual change in the right direction, advertising being part of the system's informational process which makes this possible.

Opinion is no substitute for research when progress is required.

P. W. Kyle,
(Lecturer in Statistical Methods Applied to Marketing),
University of Lancaster,
Gillow House,
Lancaster.

Crazy paper chase

From Professor G. Hallett

Sir,—I have till now delivered my old copies of the FT to a local charity, which sells them to a waste paper merchant. This solves my disposal problem, helps the charity, and reduces the number of trees which have to be cut down. Now the collection of paper has been stopped, as it cannot be sold. At the same time, I read that paper mills are closing, and paper being imported.

My initial reaction is that this is a crazy situation. If it is at the moment cheaper to import paper than to recycle waste paper, is this not merely a short-term price distortion which ought to be corrected by any Government with a "medium term strategy"? If the Government should take note of your novel suggestion (January 3) that it might give frank and honest answers concerning its thinking on the dilemmas it faces, perhaps it might ask Professor Walters to start on this one.

Graham Hallett.
University College,
P.O. Box 78, Cardiff

Local authority financing

From Mr. W. Bridge.

Sir,—Perusing your leader of January 2 on public sector profits and borrowings reminds me that one of your New Year resolutions should be to learn the facts of local authority financing. Can we get it clear, once and for all, that local authorities do not and cannot borrow to finance deficits on their current spending. As most local authority borrowing is in respect of the infrastructure on which productive society depends, e.g. schools, roads, houses etc. your suggested revision of the presentation of the PSBR, though persuasive, would be likely to be just as misleading as at present.

W. G. Bridge.
3, Marysgate, Brewood,
Stafford.

The banks' record

From the Director,
Banking Information Service

Sir,—It is sad that your leading article (January 6) takes a jaundiced view both of bank profits and of the banks' record as competitive and efficient organisations.

May I start with your observation that "if bad debt provisions are adequate, then there is no need for the capital base to grow any faster than the total balance sheet?" This is accurate in itself, but misleading in context. As your banking correspondent frequently reminds us, provisions are not reserves, so however "adequate" they may be, the need for capital as a buffer against general lending risks remains.

The whole point of the banks' case is that a high proportion of their recent profits has been needed simply to ensure that their capital base does remain adequate at a time of high inflation and economic uncertainty. Yet the critics of bank profits base their case on historic cost figures which take no account of the need to make good the erosion in the real value of the banks' capital which results from inflation. Still less do they take account of the cyclical pattern of bank profits, with the benefits of high interest rates followed by the costs of bad debts and increased expenses generally. For the record, banks' profits were scarcely higher in real terms in 1979 than they had been in 1973, the previous peak in the profits cycle.

So far as competitive efficiency is concerned it is a fact that the London clearing banks increased their number of current accounts between 1969 and 1979 from 14.7m to 21.1m; and their deposit and savings accounts from 8.7m to 11.4m. The percentage of the adult population with accounts at the clearing banks rose from less than 40 per cent to over 55 per cent. In value terms, the clearing banks' market share of all types of deposit and savings accounts rose during the period 1972-74 when restrictions were lifted, and again after 1978. For most of the period when the banks were losing market shares, they were subject to discriminatory controls such as the corset and the ceiling placed on the interest they were allowed to pay depositors. It is no coincidence that the stream of new savings schemes that the banks have introduced in recent months has followed the final abolition of the corset.

If there are any real "broad and legitimate doubts over the role of the clearing banks" (and I would suggest you are too readily burying the Wilson Report, which resolved most of them), then let there by all means be a deeper analysis. But pending that, please preserve us from journalism that skates superficially, and not always accurately, over the issues you seek to expound.

John Hunsworth,
10, Lombard Street, EC3.

Namibian freedom

From Professor J. Hutchinson

Sir,—The Geneva conference on Namibia should fail. The UN election plan will usher Namibia into the Soviet embrace, greatly to our strategic disadvantage. The Western five are the undertakers, the United States should retrieve the Namibian prize and rescue its people. No other nation can.

Namibia is on the Cape route with access to a deep-water harbour. The Rossing mine in central Namibia owned by Rio Tinto-Zinc is the world's largest producer of uranium, while the French Aquitaine group might have struck an even larger lode nearby. The territory's other resources, in a mineral-rich subcontinent, have not been fully appraised. The loss of Namibia to Soviet control would set an early stage for the final Red imperial move on South Africa, without whose minerals the West cannot easily prosper or defend itself.

The proposal at Geneva provides for an election in Namibia for delegates to a constitutional convention. An election *based* on a constitution might work. An election *prior* to a constitution will guarantee a deadlock between the internal groups and the external SWAPO, who have incompatible ideas about representative government. The victors would impose a constitution on the vanquished, and fratricide begin.

In any case the UN is not the proper body to administer a fair election. It treats SWAPO as a government in exile, but denies the courtesies to the internal parties. It is SWAPO's main source of money, and through the General Assembly has long declared SWAPO to be the sole legitimate representative of the Namibian people. The UN is thus seen by much of Namibia and the world as SWAPO's chief sponsor and friend.

In such circumstances a fair election under UN auspices is not available. Not all the formal disclaimers by UN officials will erase the widespread Namibian belief that the UN wants SWAPO to prevail. SWAPO will almost certainly win a UN-conducted election, but hardly on the merits. The Western Five seem numb to the point, and set on respectable evacuation.

SWAPO is a Marxist party, bent on political retribution and the expulsion of Rio Tinto-Zinc and other Western corporate presences. The internal black Namibian leaders do not believe that either they or the Namibian economy will survive a SWAPO victory. South Africa has made it fairly plain that it will not accept a Soviet-backed enemy on its borders.

The basic backstage probability is that SWAPO will not accept an election it loses, while the black and white internal parties will not accept an election that SWAPO wins. The deadlock, the geographical ethnic sectionalisation of Namibia, the South African resolve to take a UN economic boycott rather than a Red Namibia, and the awakening American interest in a hard-eyed look at Southern Africa and a stop to UN sanctions of any kind against South Africa —there will be Senate Armed Services Committee hearings soon under far different stewardship than before—will make ruin of any UN intercession. The UN peace can only start a larger war.

There is another way. Angola is tired of its civil war, and it wants an arrangement with Savimbi more than a duty to Sam Nujoma. Savimbi's Unita disturbs an expanding area of Angola, but says it wants a government of national reconciliation. South Africa wants a friendly Namibia on its western border, but also wants to be free of the present burden. Two countries and a durable guerrilla have a common interest in a Namibian settlement and can probably enforce it.

President Reagan should propose a regional peace: a cease-fire in Angola, the departure of the Cubans and a government of national unity; a cease-fire in Namibia and fair elections, endorsed by Angola and Unita and South Africa, based on a constitution prepared with Western advice and under arrangements supervised by Kenya, Botswana, Yugoslavia and the United States; and thence both recognition and large-scale aid to both countries.

Failing Angolan agreement, Reagan should then invite all Namibian parties to meet with him, proceed with those who attend, strengthen Savimbi in the northern reaches, advise on constitutional matters, help to monitor an election and then recognise and subvene the result.

Black Africa would have to be faced, preferably in reconciliation but if necessary in self-preservation. Most of the continent is at least formally pro-SWAPO. Nigeria is the lynch-pin, threatening to cut off the oil if America displeases it on Southern Africa. The Nigerian threat to Western security interests must be eliminated. A full Western counter-boycott strongly led by the U.S. might change Nigeria's tune in rapid order.

A new means to Namibian freedom is needed at speed. There is near-consensus in Namibia — even including internal SWAPO elements increasingly embarrassed at Sam Nujoma's limited abilities—that the U.S. should take the lead before the UN lights the flames.

(Professor) John Hutchinson,
London School of Economics,
10 Portugal Street, W2.

Today's Events

COMPANY MEETINGS

Carr's Milling, Crest Hotel, Kingstown, Carlisle, 11.30. Comet Radiovision Services, King Charles House, George Street, Hull, 10. R. and W. Hawthorn Leslie, Great Eastern Hotel, Liverpool Street, EC, 12. Pyke, Winchester House, Old Broad Street, EC, 12.

COMPANY RESULTS

Final dividends: Robert H. Lowe. Interim dividends: City of London Brewery and Investment Trust. Raybeck.

LUNCHTIME MUSIC, London

Piano recital by Janet Dick (Schubert, Sonata in A minor). Guildhall School of Music and Drama, Barbican, EC2, 1.10 pm.

EXHIBITIONS

Model Engineer Exhibition, Wembley Conference Centre (until January 10).

London International Boat Show, Earls Court (until Jan. 18).

UK COMPANY NEWS

English China Clays tops £40.5m: dividend raised

PROFITS before tax of English China Clays improved from £33.12m to £40.51m in the year ended September 30, 1980, and the directors are lifting the total dividend from 5p to 6p per share with a final payment of 3.5p.

However, indications are that prospects for the current year are somewhat less good, the board adds.

Profits for 1979-80 are after charging £2.97m in respect of costs of the early retirement scheme, while the previous year's result was after £1.19m remuneration for an earlier year which had been frustrated by Government pay policies. Depreciation charges amounted to £15.88m against £13.47m.

A CCA statement shows profits reduced to £18.2m (£15.3m) after adjustments for depreciation, £11.7m (£10.3m), cost of sales, £7.8m (£5.1m), monetary working capital, £5.6m (£4m) and gearing £2.8m (£1.6m).

Stated earnings per share are 18.4p against 16.81p but are cut to 4.6p (5.8p) under CCA.

Clay operations contributed £25.52m (£23.2m) to pre-tax profits, quarries, £9.95m (£7.1m), building, £1.62m (£196,000) and transport and services, £3.42m (£2.66m).

Group external sales for the year were £332.43m compared with £280.79m. After tax of £10.8m (£5.9m) net profits amounted to £29.7m against £27.12m.

Following the document last year on stock relief, adjustments have been made to the 1979 tax and earnings per share figures and the amount shown as an extraordinary item has been included in the transfer to shareholders' funds.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Birmingham Pallet	1.5	*March 3*	2.5	2.5	3.5
Peter Black Hldgs. int.	1.54	May 1	1.47	—	4.25
Electronic Rentals int.	1.17	Feb. 26	1.17	—	4.31
English China Clays	3.5	April 7	2.88	6	5
Hickson and Welch	5	Feb. 16	5	7.5	7.5
N. Midland Const.	1.5	—	1	2.15	1.45
Pleasurama	4.5	—	4	6.5	4.83
Radley Fashion	Nil	—	2.88	1.5	4.38
RFD Group int.	0.8	March 6	0.8	—	2.8
H. Samuel 1st int.	1.5	Feb. 2	0.73	—	6.25
Sidlaw Industries	1.5	*March 16*	5.22	3	6.72
Stead and Simpson int.	1	Feb. 13	1	—	3.25
J. Waddington int.	2.5	—	5.22	—	11.9

machine 44 —— 7½ on 8 ——

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Receivers appointed to Tomex

Peat, Marwick, Mitchell partners Mr. M. L. Page and Mr. C. T. Hayward have been appointed joint receivers in Tomex Products, window frame and door manufacturers.

The receivers say production will continue for a limited period and purchasers are being sought for the whole or part of the business.

Stronger order book for Fairline Boats

THE ORDER book for Fairline Boats has strengthened since the year-end and no boats are being built for stock, says Mr. Sam Newington, chairman.

However, the company, whose pre-tax profits for the year to September 30, 1980, were halved to £313,664, is still operating at 70-75 per cent of its capacity.

Mr. Newington says the company is having to hold prices in the UK at little more than 1979 levels, and its export prices when converted into sterling are lower than last year.

Peter Black edges ahead to £1.36m

DESPITE difficult trading conditions profits of Peter Black Holdings edged ahead in the six months to end-October, 1980, the pre-tax figure rising from £1.32m to £1.36m. Sales improved by almost £1m to £16.7m.

The directors say that in the current circumstances the results are satisfactory — although they warn that there is no sign yet of conditions easing.

However, diversification of the company's product range gives it a broader base to cope with these problems, they add.

The interim dividend is being stepped up from 1.47p to 1.54p net—last year a total of 4.25p was paid from pre-tax profits of £2.34m.

After tax of £710,000 (£687,000) stated earnings per 25p share are higher at 8.2p, compared with 7.9p. The net surplus showed a rise from £634,000 to £655,000.

The company manufactures footwear and travel goods.

Jessups shows small profit in first quarter

Jessups (Holdings) the motor vehicle dealer, body builder and leasing specialist group had shown a small profit in the first quarter of the current year, Mr. Alan Jessup, chairman, told the annual meeting.

However no real turnround in trading conditions could be expected before the autumn and the group therefore could not expect too much in its year to August, 1981, the chairman added.

He reiterated his confidence in the group's long-term future.

North Midland Construction improvement

North Midland Construction Company, civil engineer and public works contractor, reports pre-tax profits ahead from £263,729 to £460,127 for the year to August 31, 1980. At the interim stage an improvement from £52,373 to £203,152 was reported.

Turnover for the 12 months totalled £7.49m (£5.79m). Tax took £244,650 (£138,889) and earnings per 10p share rose from 8.49p to 14.68p. The net final dividend is 1.5p for a 2.15p (1.45p) total.

Interest charges leave FNFC £14m behind

INCLUDING £8.44m, against £9.27m, from the consumer credit division, but struck after all interest, including that on the income, deferred and subordinated loans, amounting to £22.14m, taxable profits of First National Finance Corporation, banker, slumped to £7.67m for the year ended October 31, 1980, compared with £21.63m last time.

Outstanding interest on the subordinated loans amounts to £7.73m.

The directors state that it is not possible to make a forecast for the current year, as in the property and lending division much will depend on the level of interest rates and property prices generally. However, the consumer credit side should continue to make a major contribution.

There was a tax credit of £1.24m, against a £1.25m charge, making the net surplus £8.91m (£20.38m), which reduced the net deficiency for shareholders to £29.07m (£37.98m) at the year end.

During the year high interest rates bore heavily on the property and lending division, where the amounts borrowed are in excess of the current value of assets.

Although the demand for residential housing fell, group activities in this sector still proved profitable.

The directors say that the company also continued advantageously to develop its other property assets.

Provision release and suspended interest in the lending and property side was £9.85m (£18.98m) in the year, including £4.14m (£10.7m) related to property development activities in subsidiaries and properties held under contract for sale.

It also includes the net effect of providing £750,000 (£1.2m) at October 31, in respect of additional future interest costs expected in the first six months of the current year.

At the 1979-80 halfway stage profits amounted to £825,000, compared with £3.57m, including £4.02m (£4.15m) from consumer credit, and were struck after all interest of £10.93m.

Waddington loss deepens to £1.2m midway: interim halved

INCLUDING losses and provisions amounting to £3m in its Videomaster electronic games subsidiary and U.S. division, John Waddington has returned an increased pre-tax deficit of £1.2m for the 28 weeks to October 11, 1980, compared with £418,000.

Although they expect a small profit in the second half, the directors say that because of the large provisions made, the group will remain in loss for the full year. In the last full year, there were pre-tax profits of £950,000 after charging Videomaster's losses of £2.9m.

The interim dividend is being cut from 5.22p to 2.5p net—last year's final was 6.68p.

Sales rose from £30.25m to £33.06m. There was a tax credit of £3,000 (£240,000).

Because of a sharp decline in the market for Videomaster's products and earlier experience with the business, the directors are writing down the stocks to nil and providing for all expenses up to the year end, resulting in a loss and provision this time of £2.2m.

In the U.S., a trading loss and write-down of stocks to expected net realisable value resulted in a deficit of £810,000 (£63,000 profit).

Excluding these losses, and profits of the Valentine Group up to the date of disposal amounting to £750,000 (£735,000), the group showed a pre-tax surplus of £1.24m (£1.68m).

The sale of Valentine and other changes has reduced the group's total net borrowings from £11.8m at January 4, 1980, to £5.4m at January 2, 1981, which the directors say has permitted planned developments and capital expenditure to continue.

They add that two-thirds of the group's activities now consist of printing and packaging operations, the remainder being games and playing cards. The latter division performed almost as well during the first half as in 1979, despite the market generally being in the doldrums.

Printing and packaging was slightly down, say the directors, but the contract to supply plastic packaging machinery to Russia should be completed profitably.

The Canadian division suffered less than the U.S. side, but will record a loss for the full year. These two operations will now come under the charge of Mr. Beric Watson, who resigned as a director of Waddington yesterday. Mr. James Scott resigned as a director on November 13.

● comment

John Waddington stunned the City yesterday with its announcement of still further provisions —£2.2m—for its ill-fated Videomaster television game venture. The shares fell 6p to 94p and investors who have been eyeing them for recovery may tend to retreat until the company re-establishes some sort of profit record. Following the sale of Valentine and the various write-offs, capital gearing has been reduced from about 65 per cent to the more comfortable area of 36 per cent. The group is unlikely to make much headway in the second half against the £1m interim loss but assuming the 2½p interim dividend is matched at the final, the yield is 7.8 per cent. The market capitalisation is £5.86m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: City of London Brewery and Investment Trust, Rayback, Thorn EMI.

Finals: Associated Newspapers, Daily Mail and General Trust, Ley's Foundries and Engineering, Robert H. Lowe

FUTURE DATES

Interims—	
Austin (James) Steel	Jan. 21
Centreway	Jan. 14
Dowty	Feb. 12
Jones Stroud	Jan. 13
London & Montrose Inv. Tst.	Jan. 15
Reatmor	Jan. 19
Stewart Plastics	Jan. 27
Wigfall (Henry)	Jan. 15
Finals—	
Claverhouse Invest. Trust	Jan. 12
Countryside Properties	Jan. 20
Uncroft Kilgour	Jan. 22
Lovell (Y. J.)	Jan. 22
United Guarantee	Jan. 15

Minet £1m lower after nine months

TAXABLE profits of Minet Holdings, the Lloyd's and general insurance broker, fell by 17 per cent, from £6.23m to £5.19m, in the nine months to September 30, 1980, despite a marginal rise in turnover—up from £25.24m to £25.65m.

In an interim report last October—halfway surplus was £3.97m (£4.66m)—the directors foreshadowed that assuming trade conditions did not deteriorate further and exchange rates held at current levels, results for the full year would not differ substantially from those achieved for 1979—profits then were £8.48m (£15.28m).

The surplus for the nine months was struck before extraordinary items and minorities.

Operating profit, before exceptional debits of £297,000 (£170,000), showed a 14 per cent decline to £5.49m (£6.4m).

● comment

Nine-month figures from Minet confirm that trading conditions for insurance brokers are still as bleak as ever. Brokerage income has remained static at £22.6m although they would have been perhaps around 8 per cent higher had it not been for the continuing strength of sterling. Premium rates are still under pressure and Minet feels average rate reductions are running at around 15 per cent. Group expenses are showing the same rate of increase as at the half way stage—9 per cent. For the full year £8m, compared with £8.47m pre-tax looks possible. Minet is having to run very hard on the trading front and it could be facing additional expense through internal cost trimming exercises such as its natural wastage programme which is likely to be only fully reflected in the year end figures. At 92p, down 1p, the shares stand on a fully taxed prospective p/e of around 12 supported by the presence of the Corroon and Black's 20 per cent stake.

Electronic Rentals ahead but warns of full year shortfall

AS A RESULT of exceptional debits of £67,000 against debits of £3.47m, pre-tax profits of Electronic Rentals Group rose from £5.53m to £7.42m in the six months to September 30, 1980. However, the directors warn that they do not expect second half profits to exceed those of the first, particularly as redundancy costs are being written off against trading profits. This would result in a full year profit shortfall on the £15.95m reported last year.

First half turnover improved from £86.32m to £90.12m and, in addition to exceptional items, profits were struck after depreciation of £22.62m (£21.91m) and interest £7.32m (£5.76m).

Tax for the period absorbed £896,000 (£815,000), earnings per 25p share amounted to 3.8p (2.7p) and the interim dividend is held at 1.1667p net. Last year's total payment was 4.3097p.

After extraordinary debits of £3.4m (£2.08m) and transfer from realised reserves £2.99m (£2.04m adjusted), the attributable balance turned in at £6.13m (£4.66m).

The directors state that first half trading conditions were exceedingly difficult.

Analysis of trading activities shows a drop of some 23 per cent in the turnover of the camping and leisure companies.

An increase in the combined turnover of the overseas rental company to £11.568m (£9.385m) was largely due to the inclusion of the companies in Africa, Hong Kong and Singapore which became subsidiaries during the period.

As the unsatisfactory trading of some of the subsidiaries became apparent corrective action was taken. Two of the camping and leisure factories have been closed, cost reduction programmes were introduced and redundancies resulted.

Visionhire, the group's major subsidiary, is making every effort to counter inflationary pressures but the group as a whole is still affected by higher than anticipated interest rates, the directors add.

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Radical changes as Sidlaw Inds. falls into loss: dividend cut

AFTER reporting a pre-tax loss of £134,000 for the year to September 26, 1980, the board of Sidlaw Industries says radical restructuring is inevitable. Redundancies and short-time working have been necessary, and steps have already been taken to close the man-made fibre spinning units in Yorkshire and Fife. It is the board's intention also to terminate operations at the Camperdown Works, Dundee.

The losses follow pre-tax profits of £878,000 in the previous year. Turnover fell from £40.05m to £34.15m, and the final dividend is substantially lower at 1.5p against 5.2217p for a total of 3p (6.7217p).

The year-end loss is after interest charges up from £792,000 to £1.07m, but includes associates profits of £435,000 (£398,000). There was an extraordinary charge of £411,000 (£258,000) incurred in the year—comprising mainly redundancy and other closure costs of spinning operations in Yorkshire and Dundee.

In addition, provision of £1.75m has been made in respect of further redundancy and closure costs and the net amount of probable plant and equipment and stock write-downs, which will fall in the current year.

Included in the pre-tax loss is a profit from the oil services division amounting to £1.65m (£1.05m) and a textile division loss of £1.15m (profit £309,000).

The company intends to vacate the Camperdown Works premises as soon as is practicable after April 10. This closure is estimated to result in an overall reduction of 340 jobs. The remaining jute spinning mills at Manhattan Works, Dundee, and Selbie Works, Gourdon, will form the basis of a newly-structured profit centre.

The board says negotiations are taking place for the sale of Sidlaw of Scotland Inc., in the U.S.

Commenting on the lower turnover, the board says sales in the textiles division suffered directly from contraction of the UK woven and tufted carpet industries, and margins were seriously eroded. Export markets have been further affected by the strength of sterling.

With some of the operations continuing into the current year their impact on 1981 trading results cannot yet be fully quantified, says the board.

Sidlaw Industries is a spinner and weaver of jute, flax and synthetic yarns. It is also responsible for the provision of services to the North Sea oil and gas industry.

● comment

As if it were reporting from the warfront Sidlaw yesterday bundled all the bad news into one statement. The gloom is almost total; not only did the group cut nearly a quarter off net worth and fall a cool million downwards at the pre-tax level, but the net effect of Camperdown redundancies will mean that the group has slashed two-thirds of its workforce in 18 months (from around 3,000 to a little more than 1,000). Sidlaw has wielded the surgeon's knife and now looks placed for medium-term recovery. The first half of this year will still cost money, perhaps around £½m in textile losses. But the group's oil services business is booming and should grow further. The fact that any dividend was paid at all is a sign of confidence (or bravery) and the only real cause for speculative interest whatsoever could be the discrepancy between a net asset value of around 160p per share and yesterday's 101p, down 2p.

Yorks-General premiums rise

New annual premiums up 12 per cent from £8.7m to £9.8m in 1980 are reported by the Yorkshire-General Life Assurance Company, the life company member of the General Accident Group. Ordinary life business annual premiums improved 13 per cent from £3.8m to £4.3m, with temporary assurance premiums being one third higher at about £2.2m. The company's low cost endowment used for mortgage repayment showed a slight rise in premiums despite the dull house purchase market.

New annual premiums on pensions business rose by 12 per cent from £4.8m to £5.4m, the growth coming mainly from increases in earnings of scheme members.

'Thousands' back Lonrho bid to block Evans' sale

LONRHO, the largest shareholder in House of Fraser, last night was claiming the support of "thousands of shareholders" in its campaign to block the £29m sale and leaseback deal of Fraser's D. H. Evans store.

Mr. Robert Dunlop, of Lonrho, said that the response to its resolution requesting Fraser directors to abandon the deal had been "overwhelming."

The resolution is to be put to Fraser shareholders at an EGM on January 20. Yesterday, House of Fraser was stepping up its campaign to stop the Lonrho resolution succeeding.

Cazenove, the stockbrokers, were telephoning institutional shareholders to gain their support for the Fraser Board.

Institutional holders account for about 40 per cent of the Fraser equity, and early indications of their voting institutions suggest that most are with the Fraser Board.

Another circular was sent out to Fraser shareholders signed by group chairman, Sir Hugh Fraser. He claims in the circular that Lonrho's primary aim "is to undermine the authority and independence of your Board—a Board strengthened by new directors which is embarking on important programmes to develop House of Fraser's strategy for the 1980s."

In urging shareholders to vote against Lonrho's resolution Sir Hugh has said that:

● Lonrho's campaign is being mounted by one shareholder only—"perhaps it does not suit Lonrho for the real asset values of your company to be proved."

● Lonrho is attempting to frustrate a transaction which is attractive to, and in the long term interests of, House of Fraser.

● Lonrho is yet again "harassing your management in a manner which has been described in the Press as guerrilla warfare."

● Lonrho is continuing its attempts to make disagreements public. There are many ways in which "this is acting to the detriment of your company."

He tells shareholders that "although the Lonrho ordinary resolution is not legally binding, if it is adopted the board may well feel itself bound by a majority decision of shareholders and a transaction which your board sincerely believes to be in your best interests would be frustrated."

SPAIN

January 8	Price %	+ or −
Banco Bilbao	264	
Banco Central	300	+4
Banco Exterior	240	
Banco Hispano	250	
Banco Ind. Cat.	121	+1
Banco Madrid	141	
Banco Santander	301	
Banco Urquijo	156	
Banco Vizcaya	277	
Banco Zaragoza	212	
Dragados	87	+3
Espanola Zinc	47	
Fecsa	57.2	+0.7
Gal Preciados	25	+1
Hidrola	63.5	
Iberduero	39.5	−0.5
Petroleos	81	
Petroliber	75	
Sogefisa	102	
Telefonica	62	+0.5
Union Elect.	60.5	−1

COMPANY NEWS

Pleasurama earns and pays more

INCLUDING much higher associates share of £2.09m against £956,000, taxable profits of Pleasurama, entertainment and amusement concern, expanded to £4.6m for the year ended September 30, 1980, compared with £3.22m.

And from earnings per 5p share well up from 21.5p to 33.8p the dividend was lifted to 6.5p net with a final payment of 4.5p.

The directors reported profits of £1.53m (£1.17m) at halfway, but said they were not necessarily indicative of full year results, and that it was too early to give a firm forecast.

Turnover for 1979/80 improved from £11.72m to £12.71m and the surplus was subject to tax of £2.37m against £1.8m, and minorities of £26,000 (£24,000).

● comment

Despite a 43 per cent rise in overall profits and a 35 per cent dividend hike dealers showed disappointment in Pleasurama's figures. Probably the market was expecting a much better payout. London casino interests at the Ritz and the Casanova provided associated profits accounting for 45 per cent of group earnings. In the second half alone these casinos increased profits by 2½ times. By contrast provincial casinos were lacklustre as the group cycled funds in to refurbishments. Much of the basic (non-associate) pre-tax profit rise came from income received which rose from £223,000 to £350,000. Since the year end Pleasurama has opened new casinos in Luton and Cardiff and a new one will open in Leeds next April. The current year will be coloured by additional gaming taxes—around £200,000 more in the provinces and £300,000 more in London. The current yield of just above 5 per cent at yesterday's 187p, down 7p is unexciting, but the shares remain reasonably priced with a fully taxed p/e of 5.4. This earnings multiple reflects in part market jitters about the broader casino scene.

Hickson & Welch finishes £1.6m down

SECOND-HALF profits of Hickson and Welch (Holdings), chemicals, timber and building products group, dropped from £4.25m to £2.07m and left the surplus for the year ended September 30, 1980, behind from £8.06m to £6.48m. Turnover expanded by £7.77m to £93.3m.

At the midway stage the directors said they saw no reason to change their view that it would be difficult to show an improvement for the full year.

Yearly earnings per share are well down at 17p against 39p previously, but the dividend is maintained at 7.5p net with an unchanged final of 5p.

Pre-tax figure was struck after redundancy and termination costs of £393,000 for the period, and interest of £1.4m compared with £1.02m, but included investment and other income amounting to £339,000 (£365,000) and associates' share of £209,000 (£235,000).

After tax much higher at £3.23m against £437,000, preference dividends, £6,000 (same), and £354,000 (£600,000) exchange losses, the available balance came through well behind at £2.89m (£7.02m).

The retained result was £1.44m (£5.57m) after dividends' cost of £1.45m (same).

● comment

Back in June last year, Hickson and Welch was expecting a dull second half to keep pre-tax profits roughly in line with the £8m earned in 1979. Since then, the world chemicals market has collapsed and Hickson's second-half profits slumped to less than half their 1979 level. Responding to the weakness of demand, the Castleford plant has been operating a four-day week for some time. The result is sharply reduced profitability; organics, traditionally responsible for half the group's profit, only just broke even in the second half. In contrast, the timber products division has continued to do well, particularly abroad, and not sharing to any great extent in the UK timber trade's general downturn. The clouded future of the chemical industry has led Hickson to reduce its capital spending, consequently suffering a sevenfold increase in the tax charge. The dividend has been maintained, but with much less cover. The shares moved ahead 5p to 145p, where they yield 7.6 per cent and the fully-taxed p/e is about 8.

Stead & Simpson drops to £1.15m halfway

FOOTWEAR retailer and motor trader Stead and Simpson shows a drop in pre-tax profits from £1.97m to £1.15m for the half-year ended September 30, 1980.

Turnover was up from £17.29m to £18.32m. The footwear division's turnover was £11.4m (£10.21m), while that of the motor trading division was £6.92m (£7.08m).

The interim dividend is maintained at 1p net, absorbing £288,000. The directors also expect to maintain last year's final of 2.25p. The pre-tax profits for 1979-80 were £3.81m (£3.3m).

Trading profits in the footwear division were down from £1.62m to £1.13m, and in the motor trading division from £309,000 to £102,000. Total trading profits were £1.23m against £1.93m.

During the third quarter, turnover excluding VAT has shown an increase of 5.4 per cent for footwear, which has been adversely affected by the mild weather. The turnover for motor trading has fallen by 8.1 per cent.

● comment

The decline in trading profits from footwear at Stead and Simpson is only about half as severe as that already reported by competitors Hiltons and George Oliver. And the fall on the motor side comes after an exceptionally strong performance in the closing months of last year. The outlook for the current second half is not bright but profit for the year should end up at about £2½m. The tightly held shares — UDS Group has 24 per cent—are unlikely to ease much even though the prospective fully taxed p/e is nearly 11. The yield is 11.6 per cent at 42p.

RFD falls sharply but interim held at 0.8p

AS EXPECTED, RFD Group has turned in poor results for the first half year to September 30, 1980, with pre-tax profits down sharply from £813,000 to £373,000 on turnover little changed at £13.63m against £13.16m.

Mr. D. R. Mynors, chairman, says, however, that the result is not as unsatisfactory as appears at first sight when compared with the year to March, 1980 — the group then incurred a loss of £434,000.

Stated earnings per share for the first six months are down from 3.9p to 1.45p but the directors are maintaining the interim dividend at 0.8p—last year's final was 2p.

The specialist textile division is still suffering from price competition with many reductions in selling prices and production levels well below capacity but in contrast the coatings division turned in excellent results.

RFD Inflatables continues to suffer erosion of margins while GQ Defence Equipment had a mixed half year with only the parachute activity contributing significantly to profits. Overseas, the two units in the U.S. both made steady progress in sales and profits.

Although stock reductions are being achieved throughout the group, the cash outflow resulting from the reorganisation has led to a small net increase in borrowings, the chairman says.

BANK RETURN

	Wednesday January 7 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	31,776,625	— 4,479,087
Bankers Deposits	461,624,671	— 212,769,045
Reserve & other Accounts	671,626,866	+ 54,256,036
	1,179,581,162	— 162,992,096
ASSETS		
Government Securities	526,305,856	— 136,845,000
Advances & other Accounts	154,515,633	+ 3,102,164
Premises Equipment & other Secs.	486,873,923	— 34,587,567
Notes	11,557,147	+ 5,091,318
Coin	328,603	+ 25,989
	1,179,581,162	— 162,992,096
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,400,000,000	— 425,000,000
In Circulation	10,388,442,853	— 430,091,318
In Banking Department	11,557,147	+ 5,091,318
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,040,775,713	— 576,990,149
Other Securities	2,348,209,187	+ 151,990,149
	10,400,000,000	— 425,000,000

Gold Fields Group

DECEMBER QUARTERLIES

All companies are incorporated in the Republic of South Africa

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 share of 20 cents each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30/9/1980	Year ended 31/12/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	285,000	215,000	830,000
Gold produced (kg)	1,164.3	835.2	3,164.2
Yield (g/t)	4.1	3.9	3.8
Price received (R/kg)	15,238	15,936	15,367
Revenue (R/t milled)	62.48	62.12	58.85
Cost (R/t milled)	39.76	42.19	40.45
Profit (R/t milled)	22.72	19.93	18.40
Revenue (R000's)	17,807	13,356	48,849
Cost (R000's)	11,333	9,070	33,580
Profit (R000's)	6,474	4,286	15,269
FINANCIAL RESULTS (R000's):			
Working profit: Gold	6,474	4,286	15,269
Net sundry revenue	216	175	773
Total profit	6,690	4,461	16,042
Capital expenditure	1,631	2,455	9,634
Dividend	4,977	—	4,977

PRODUCTION: The autogenous mill cannot consistently achieve the planned 120,000 tons per month at present with normal run of mine ore, due to an excessive amount of large rocks. Temporary arrangements are being made to extract and stockpile the larger rocks. The milling rate is not expected to exceed 105,000 tons per month until the installation of a permanent jaw-crusher in mid-1981.

Further labour unrest occurred on 27 October. No injuries were sustained but 850 workers left the mine and had to be replaced. Sufficient ore was available on surface stockpiles to offset the resulting decrease in underground output and no significant loss in production was suffered.

DIVIDEND: A dividend (No. 1) of 5 cents (2.81900p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1980 was R38.1 million.

NO. 1 SUB-VERTICAL SHAFT: The south man winder is being commissioned and the first phase of the pumping installation on 11 Level has been completed. Raise boring of the reef passes has been completed.

DEVELOPMENT:			
Ventersdorp Contact Reef			
Advanced (m)	5,591	4,420	17,834
Sampling results:			
Sampled (m)	908	608	2,648
Stope width (cm)	148	154	155
Av. value: gold: (g/t)	5.3	5.7	5.3
cm.g/t	784	878	822
Deelkraal Reef			
Advanced (m)	177	41	1,482
Sampling results:			
Sampled (m)	84	20	904
Stope width (cm)	193	120	154
Av. value: gold: (g/t)	2.5	0.3	3.1
cm.g/t	483	36	477

In addition, 238 metres were advanced in the area held under prospecting permits.

ORE RESERVES AT 31 DECEMBER 1980: The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 3.3 grams per ton the reserves are as follows:–

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	1,079,000	146	6.2	905
Deelkraal Reef	597,000	166	4.6	764
Total and Averages	1,676,000	153	5.7	872

On behalf of the board
C. T. Fenton
P. W. J. van Rensburg } Directors

8 January 1981.

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30/9/1980	Six months ended 31/12/1980
OPERATING RESULTS:			
Gold.			
Ore milled (t)	540,000	525,000	1,065,000
Gold produced (kg)	7,830.0	7,612.5	15,442.5
Yield (g/t)	14.5	14.5	14.5
Price received (R/kg)	15,759	15,684	15,722
Revenue (R/t milled)	229.27	228.24	228.76
Cost (R/t milled)	43.94	44.53	44.23
Profit (R/t milled)	185.33	183.71	184.53
Revenue (R000's)	123,808	119,825	243,633
Cost (R000's)	23,729	23,376	47,105
Profit (R000's)	100,079	96,449	196,528
FINANCIAL RESULTS (R000's):			
Working profit: Gold	100,079	96,449	196,528
Recovery under loss of profits insurance	—	2,232	2,232
Net sundry revenue	2,665	2,606	5,271
Profit before taxation and State's share of profit	102,744	101,287	204,031
Taxation and State's share of profit	60,853	61,276	122,129
Profit after taxation and State's share of profit	41,891	40,011	81,902
Capital expenditure	5,980	3,475	9,455
Dividend	48,384	—	48,384

DIVIDEND: A dividend (No. 22) of 160 cents (90.20808p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1980 was R55.5 million.

SHAFTS:

No. 3 Sub-Vertical Shaft: The shaft was sunk 244 metres to 26 Level station, a depth of 343 metres below collar. Sliping of the rock hoist chamber is almost complete and support work is to commence soon. Installation of the south man hoist is continuing.

No. 3A Service Shaft: Installation of the hoist has been completed and development towards the rock pass positions is in progress.

DEVELOPMENT:			
Ventersdorp Contact Reef			
Advanced (m)	7,132	7,547	14,679
Sampling results:			
Sampled (m)	172	148	320
Stope width (cm)	209	149	181
Av. value: gold: (g/t)	22.6	18.7	21.1
cm. g/t	4,723	2,786	3,819
Kloof Reef			
Advanced (m)	351	247	598
Sampling results:			
Sampled (m)	Nil	14	14
Stope width (cm)	—	135	135
Av. value: gold: (g/t)	—	7.6	7.6
cm. g/t	—	1,026	1,026

On behalf of the board
C. T. Fenton
A. M. D. Gnodde } Directors

8 January 1981

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 70 cents each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30/9/1980	Year ended 31/12/1980
OPERATING RESULTS:			
Gold:			
Ore milled:			
from surface dumps (t)	97,873	110,977	476,917
from outside sources (t)	82,127	69,023	243,083
total milled (t)	180,000	180,000	720,000
Gold produced (kg)	199.1	199.6	805.3
Yield (g/t)	1.1	1.1	1.1
Price received (R/kg)	15,576	15,798	15,774
Revenue (R/t milled)	17.27	17.56	17.70
Working cost (R/t milled)	5.85	5.92	5.61
Rock purchased (R/t milled)	2.75	3.27	2.46
Profit (R/t milled)	8.67	8.37	9.63
Revenue (R000's)	3,108	3,152	12,744
Working cost (R000's)	1,053	1,066	4,039
Rock purchased (R000's)	495	589	1,769
Profit (R000's)	1,560	1,507	6,936
FINANCIAL RESULTS (R000's):			
Working profit: Gold	1,560	1,507	6,936
Net sundry revenue	163	171	642
Profit before taxation	1,723	1,678	7,578
Taxation:			
Formula tax	860	871	3,948
Non-mining tax	49	45	165
Excess recoupments tax	7	144	175
Profit after taxation	807	618	3,290
Net recoupments of surface capital expenditure	—	303	327
Dividend	2,400	—	2,400

DIVIDEND: A dividend (No. 72) of 40 cents (22.55202p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 December 1980.

EXPLORATION: A programme of surface drilling to investigate mineralisation on the Kimberley Reef horizon in a portion of the area held by the company under mining title will commence during the first quarter of 1981.

On behalf of the board
C. T. Fenton
B. R. van Rooyen } Directors

8 January 1981

WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 14,082,160 shares of R1 each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30.9.1980	Six months ended 31/12/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	675,000	675,000	1 350 000
Gold produced (kg)	9,884.3	10,622.0	20,506.3
Yield (g/t)	14.6	15.7	15.2
Price received (R/kg)	16,068	15,577	15,814
Revenue (R/t milled)	236.12	245.38	241.00
Cost (R/t milled)	40.94	40.31	40.62
Profit (R/t milled)	195.18	205.07	200.38
Revenue (R000's)	159,379	165,972	325,351
Cost (R000's)	27,633	27,209	54,842
Profit (R000's)	131,746	138,763	270 509
Uranium Oxide:			
Pulp treated (t)	310,100	305,900	616,000
Oxide produced (kg)	61 982	60 313	122,295
Yield (kg/t)	0.200	0.197	0.199
FINANCIAL RESULTS (R000's):			
Working profit: Gold	131,746	138,763	270,509
Profit on sale of Uranium Oxide and Sulphuric Acid	1,386	2,034	3,420
Net tribute royalties	3,850	1,831	5,681
Net sundry revenue	4,120	4,123	8,243
Profit before taxation and State's share of profit	147,102	146,751	287,853
Taxation and State's share of profit	88,159	91,673	179,832
Profit after taxation and State's share of profit	58,943	55,078	108,021
Capital expenditure	3,007	4,210	7,217
Dividend	70,411	—	70,411

DIVIDEND: A dividend (No. 56) of 500 cents (281.90026p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1980 was R21.2 million.

CAPITAL WORKS. Work continues on the pump chambers at No. 4 Shaft and No. 6 Sub-Vertical Shaft.

DEVELOPMENT:			
Carbon Leader			
Advanced (m)	4,535	5,143	9,678
Sampling results:			
Sampled (m)	216	702	918
Stope width (cm)	105	141	133
Av. value: gold. (g/t)	10.9	18.7	17.2
cm. g/t	1,145	2,637	2,288
Ventersdorp Contact Reef			
Advanced (m)	1,680	1,678	3,358
Sampling results:			
Sampled (m)	452	334	786
Stope width (cm)	133	127	130
Av. value: gold: (g/t)	13.2	4.7	9.7
cm. g/t	1,756	597	1,261
Main Reef			
Advanced (m)	1,401	742	2,143
Sampling results:			
Sampled (m)	512	220	732
Stope width (cm)	175	213	166
Av. value: gold: (g/t)	5.1	5.3	5.2
cm. g/t	893	1,129	967
North Leader			
Advanced (m)	80	126	206
Sampling results:			
Sampled (m)	78	118	196
Stope width (cm)	105	105	105
Av. value: gold: (g/t)	3.9	2.9	3.3
cm. g/t	410	305	347

On behalf of the board
C. T. Fenton
P. W. J. van Rensburg } Directors

8 January 1981

EAST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 54,510,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30.9.1980	Year ended 31/12/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	656,000	670 000	2,601,000
Gold produced (kg)	9,774.9	9,983.0	39,301.0
Yield (g/t)	14.9	14.9	15.1
Price received (R/kg)	15,578	15,752	15,585
Revenue (R/t milled)	232.74	235.56	236.52
Cost (R/t milled)	36.02	35.25	34.22
Profit (R/t milled)	196.72	200.31	202.30
Revenue (R000's)	152,677	157,825	615,199
Cost (R000's)	23,629	23,615	89,011
Profit (R000's)	129,048	134,210	526,188
FINANCIAL RESULTS (R000's):			
Working profit: Gold	129,048	134,210	526,188
Net sundry revenue	4,909	4,628	16,109
Profit before taxation and State's share of profit	133,957	138 838	542,297
Taxation and State's share of profit	76,958	79,918	316,509
Profit after taxation and State's share of profit	56,999	58,920	225,788
Capital expenditure	8,067	6,536	25,035
Dividend	119,922	—	185,334

PRODUCTION: A fire broke out on 20 November 1980 in a Main Reef stope approximately 1,600 metres below the surface. The area was sealed off and normal operations resumed, but production was adversely affected for three days. A claim for loss of revenue will be lodged with the company's insurers.

DIVIDEND: A dividend (No. 15) of 220 cents (124.03611p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1980 was R140.3 million.

SHAFTS:

No. 5 Shaft: Preparatory work on surface is continuing at the shaft site. The underground haulage on 22 Level from No. 2 Shaft has reached the position of the No. 5 Shaft complex.

No. 2 Sub-Vertical Shaft: The shaft was sunk 71 metres to a depth of 202 metres below collar. 28 Level station has been cut and supported.

No. 2A Service Shaft: Preliminary sinking was extended to 39 metres below the collar, and equipping of the headgear is in progress.

DEVELOPMENT:			
Ventersdorp Contact Reef			
Advanced (m)	2,670	2,531	9,967
Sampling results:			
Sampled (m)	754	604	2,166
Stope width (cm)	171	163	167
Av. value: gold. (g/t)	12.5	9.5	12.0
cm.g/t	2,138	1,549	2,004
Carbon Leader			
Advanced (m)	1,038	1,418	6,634
Sampling results:			
Sampled (m)	302	356	1,380
Stope width (cm)	130	139	129
Av. value: gold: (g/t)	6.3	8.8	9.2
cm.g/t	819	1,223	1,187
Main Reef			
Advanced (m)	1,381	584	3,700
Sampling results:			
Sampled (m)	692	352	1,348
Stope width (cm)	142	145	143
Av. value: gold: (g/t)	5.2	2.9	4.9
cm. g/t	738	421	701

ORE RESERVES AT 31 DECEMBER 1980: The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 2.8 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	9,614,000	176	19.0	3,344
Carbon Leader	1,430,000	116	8.6	998
Main Reef	1,701,000	173	6.2	1,073
Total and Averages	12,745,000	166	16.1	2,673

As a result of a decision to increase the size of ore reserve blocks, the figures given are not strictly comparable with those published in the past.

On behalf of the board
C. T. Fenton
P. W. J. van Rensburg } Directors

8 January 1981

NOTE:
Copies may be obtained from the United Kingdom Registrar: Close Registrars Limited, 803, High Road, Leyton, London, E10 7AA

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30.9.1980	Six months ended 31/12/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	360,000	360 000	720,000
Gold produced (kg)	3,096.0	3,048.0	6,144.0
Yield (g/t)	8.6	8.5	8.5
Price received (R/kg)	15,636	15,414	15,526
Revenue (R/t milled)	134.88	130.59	132.88
Cost (R/t milled)	41.46	41.02	41.24
Profit (R/t milled)	93.42	89.57	91.64
Revenue (R000's)	48 557	47,121	95,678
Cost (R000's)	14,925	14,769	29,694
Profit (R000's)	33,632	32,352	65,984
FINANCIAL RESULTS (R000's):			
Working profit: Gold	33 632	32,352	65,984
Net sundry revenue	1,358	1,195	2 553
Profit before taxation and State's share of profit	34,990	33,547	68,537
Taxation and State's share of profit	12,770	17,924	30,694
Profit after taxation and State's share of profit	22,220	15,623	37,843
Capital expenditure	12,210	3,892	16 102
Dividend	12,500	—	12,500

PRODUCTION: The fault in the power supply to the mine on 16 December 1980 affected production from underground for 3 days. Mill tonnage was supplemented from other sources and no loss in overall production has occurred.

DIVIDEND: A dividend (No. 48) of 125 cents (76.11307p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1980 was R114.9 million.

NO. 3 SHAFT: The erection of the headgear at this shaft is nearing completion. Work is in progress on the installation of the south man winder and on shaft buildings. Preparation for shaft sinking is on schedule.

DEVELOPMENT:			
Carbon Leader			
Advanced (m)	2,989	3,304	6,293
Sampling results:			
Sampled (m)	294	458	752
Stope width (cm)	109	129	121
Av. value: gold: (g/t)	12.5	7.4	9.2
cm. g/t	1,363	955	1,113
Main Reef			
Advanced (m)	2,373	1,384	3,757
Sampling results:			
Sampled (m)	896	302	1,198
Stope width (cm)	133	121	130
Av. value: gold: (g/t)	4.7	6.1	5.0
cm. g/t	625	738	650

On behalf of the board
C. T. Fenton
P. W. J. van Rensburg } Directors

8 January 1981

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,037,300 shares of R1 each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30.9.1980	Six months ended 31/12/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	420,000	420,000	840,000
Gold produced (kg)	2,478.0	2,552.9	5,030.9
Yield (g/t)	5.9	6.1	6.0
Price received (R/kg)	15,962	15,453	15,709
Revenue (R/t milled)	94.51	94.31	94.41
Cost (R/t milled)	35.28	34.21	34.74
Profit (R/t milled)	59.23	60.10	59.67
Revenue (R000's)	39,694	39,609	79,303
Cost (R000's)	14,817	14,365	29,182
Profit (R000's)	24,977	25,244	50,121
FINANCIAL RESULTS (R000's):			
Working profit: Gold	24,877	25,244	50,121
Net sundry revenue	1,175	1,046	2,221
Profit before taxation and State's share of profit	26,052	26,290	52,342
Taxation and State's share of profit	13,711	13,540	27,251
Profit after taxation and State's share of profit	12,341	12,750	25,091
Capital expenditure	2,951	3,804	6,755
Dividend	10,318	—	10,318

DIVIDEND: A dividend (No. 60) of 130 cents (73.29407p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1980 was R62.1 million.

SHAFTS:

No. 4 Shaft: Preparatory work on surface has been started.

No. 4 Sub-Vertical Shaft: The shaft was sunk 90 metres to 1,420 metres below collar. 29 Level station has been completed.

No. 4A Service Shaft: Full-scale sinking has commenced and the shaft has reached a depth of 48 metres below the collar on 27 Level. 27½ Level station has been cut and supported.

DEVELOPMENT:			
Main Reef			
Advanced (m)	3,520	3,150	6,670
Sampling results:			
Sampled (m)	392	720	1,612
Stope width (cm)	134	145	139
Av. value: gold: (g/t)	4.9	4.9	4.9
cm. g/t	657	715	681
Ventersdorp Contact Reef			
Advanced (m)	940	1,254	2,194
Sampling results:			
Sampled (m)	124	112	236
Stope width (cm)	154	147	151
Av. value: gold: (g/t)	4.8	3.8	4.3
cm. g/t	739	559	649
Elsburg Reef			
Advanced (m)	Nil	194	194
Sampling results:			
Sampled (m)	Nil	116	116
Stope width (cm)	—	227	227
Av. value: gold: (g/t)	—	3.2	3.2
cm. g/t	—	726	726
Kimberley Reef			
Advanced (m)	Nil	Nil	Nil
Sampled (m)	Nil	Nil	Nil

On behalf of the board
C. T. Fenton
A. J. Weideman } Directors

8 January 1981

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1980	Qtr. ended 30.9.1980	Six months ended 31/12/1980
OPERATING RESULTS:			
Gold			
Ore milled (t)	345,000	331,000	676,000
Gold produced (kg)	1,446.0	1,423.3	2,869.3
Yield (g/t)	4.2	4.3	4.2
Price received (R/kg)	15,641	16,060	15,846
Revenue (R/t milled)	65.74	69.27	67.47
Cost (R/t milled)	39.16	40.48	39.81
Profit (R/t milled)	26.58	28.79	27.66
Revenue (R000's)	22,672	22,930	45,608
Cost (R000's)	13,509	13,400	26,909
Profit (R000's)	9,169	9,530	18,699
FINANCIAL RESULTS (R000's):			
Working profit: Gold	9,169	9,530	18,699
Profit on sale of pyrite	267	354	621
Recovery under loss of profits insurance	1,000	—	1,000
Net sundry revenue	496	429	925
Profit before taxation	10,932	10,313	21 245
Taxation	5,297	5,305	10,602
Profit after taxation	5,635	5,008	10,643
Capital expenditure	1,008	892	1 900
Dividend	5,050	—	5,050

PRODUCTION: The area affected by the fire in July 1980 has been re-opened. Reclamation work is in progress and production from the area will start shortly.

DIVIDEND: A dividend (No. 51) of 100 cents (56.38205p) per share was declared on 9 December 1980, payable to members on or about 3 February 1981.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1980 was R4.9 million.

DEVELOPMENT:			
Main Reef			
Advanced (m)	1,337	1,727	3,064
Sampling results:			
Sampled (m)	214	668	882
Stope width (cm)	149	152	156
Av. value: gold: (g/t)	3.3	4.8	4.5
cm. g/t	492	755	702
Ventersdorp Contact Reef			
Advanced (m)	58	175	233
Sampling results:			
Sampled (m)	Nil	20	20
Stope width (cm)	—	147	147
Av. value: gold: (g/t)	—	0.1	0.1
cm. g/t	—	15	15

On behalf of the board
C. T. Fenton
B. R. van Rooyen } Directors

8 January 1981

UK COMPANY NEWS

ICL planning share increase

IN ORDER to have an appropriate margin of authorised but unissued share capital, the directors of ICL, the computer system, products and services group, are proposing to increase the authorised share capital from £40m to £47.5m by the creation of 30m ordinary 25p shares.

Also included among other changes to the articles of association is a proposed increase in the borrowing powers of directors from twice to three times the amount of the group's adjusted capital and reserves.

On the basis of the 1980 accounts, the borrowing limit under the new article would be about £424.2m—under the old article it is £282.8m. The directors point out the group has no immediate plans to exceed the old limit, but believe it prudent in current circumstances to increase that limit.

Of the increased authorised share capital, £2.9m will be issued only to meet the rights of option holders under the existing share option schemes. This will leave about £11.2m of authorised but unissued share capital available to the directors for other purposes.

Without the prior approval of the company in general meeting, no issue of shares will be made which would effectively alter the control of the company, nor will the directors issue shares amounting to more than one-third of the issued share capital.

The directors point out that since the group's articles are virtually unaltered from those adopted 12 years ago, the opportunity is being taken to bring the articles fully into line with current legislation and practice.

The group's balance sheet as at September 30 last year shows total shareholders' funds down from £146.8m to £141.4m, fixed assets down from £142.6m to £128.8m while bank overdrafts and short term loans are higher at £44.9m against £15.4m, and credit for exports at £23.4m compared with £1.5m.

Net debt increased from £82.9m to £127.3m, a rise of £44.4m or 53.6 per cent.

As known, pre-tax profits for 1979-80 are down from £46.5m to £25.1m and attributable profits before extraordinary items are £17.7m against £35.1m. CCA attributable profits before extraordinary items are down from £36.1m to £19.8m.

In his annual statement, Mr. E. P. Chappell, chairman, says the net worldwide overdraft at the year-end of £10.5m represents an outflow for the year of £26.6m. Higher use of working capital in inventories and receivables, to some extent offset by greater use of ECGD credits for export, represented the major part of this adverse movement.

In the present poor trading conditions, conservation of cash resources becomes a major priority for the group, the chairman adds.

Proposals for the resolutions will be put to an extraordinary general meeting, immediately after the annual meeting to be held at Plaisterers Hall, 1, London Wall, February 3 at noon.

Lex Back Page

Radley Fashion incurs loss and omits final

A SHARP and unexpected downturn in sales in the last quarter resulted in Radley Fashion Group plunging into the red in the 12 months to May 19, 1980. The company incurred a pre-tax loss of £134,000, compared with a profit of £95,000 previously. Turnover fell from £6.17m to £5.54m for the year.

At the interim stage this manufacturer, wholesaler and retailer of ladies' outerwear and gloves, reported profits £72,000 higher at £234,000 and the directors predicted a satisfactory outcome for the year—although they warned that the second half would be less profitable. They say now this period produced a loss of approximately £200,000.

The final dividend is being omitted (2.875p), leaving the total for the year at 1.5p net (4.375p).

The picture for the current year is a little brighter. Although trading conditions throughout Western Europe remain depressed, exports have been maintained at a good level. However, the greater part of exports is sold in local currencies and these have depreciated by some 20 per cent over the last year.

The second half order book is not unsatisfactory and although margins are under pressure, the directors say the company could produce an overall profit for the year.

After tax credit of £22,000 (£3,000), stated earnings per 25p share were nil (8.82p).

There was a retained loss of £253,000 (£62,000 profit) after extraordinary debits of £132,000 (£8,000).

BIDS AND DEALS

Exp-O-Tel is new owner of Keith Prowse agency

BY REG VAUGHAN

KEITH PROWSE, the leading theatre ticket agency and travel group which was once controlled by Mr. Peter Cadbury through Westward Television, has again changed hands.

Midland News Association, which owns the Express and Star, Wolverhampton, has sold the 200-year-old concern to the Exp-O-Tel Group for an undisclosed sum. Two years ago Midland News purchased the company from the Co-operative Insurance Society's Small Business Capital Fund for £550,000.

Exp-O-Tel, established in 1972 by Mr. Ranjit Anand and his brother, claims to be Britain's largest hotel booking agency and has an annual turnover of around £14m. It also has interests in travel, conference organising and sport sponsorship.

Keith Prowse, which describes itself as the world's largest entertainment ticket agency, has 40 branches in Central London and a yearly turnover of £5m.

Midland News commented yesterday that "in the present economic climate, Prowse was not very profitable at all." Exp-O-Tel made a "reasonable offer" and it made "a lot of sense" to sell the company to them.

Mr. Anand described the deal as "a natural extension of our present activities." He said the deal was a substantial investment for Exp-O-Tel and "its commercial logic is very powerful."

Mr. Anand said that this was the first phase of an expansion programme in the travel and leisure industry. "Prowse is a famous name and we intend to build on it."

Exp-O-Tel was looking for other interests in theatre agencies and also planned to expand the travel side of the business.

STERLING CREDIT

Provident Life Association of London has sold its 16.4 per cent holding in Sterling Credit Group ordinary shares (1,602,181 shares) in sales on December 10 and 12, 1980.

Pentos sells Jenks and Cattell stake

Pentos, the industrial holding company, has sold its 490,000 shares in Jenks and Cattell, representing a 20 per cent stake, to a newly-formed private investment concern in the UK called Deacongroom.

The Wolverhampton-based maker of metal pressings, steel washers, and tools said a further statement on the Deacongroom holding would be made later.

The company said there was no likelihood, however, of a bid from Deacongroom which has said it wants to remain anonymous for the moment. Jenks did say, though, that Deacongroom had outlets which could help the company. Jenks' shares rose 2p yesterday to 72p.

Why bid is too low—Ridgway

RECORD RIDGWAY, the loss-making hand tools company, has spelled out its reasons for regarding the £4.13m cash bid from Bahco, the Swedish group, as too low, despite the likely commercial advantages.

Mr. Antony Hampton, the chairman, advised shareholders in a circular sent out yesterday to keep their shares if they took a longer-term view of their investment, but to consider accepting the bid or selling them if income considerations were more important.

Bahco, which is in the same business as the Sheffield-based company, is offering 37p a share and has already picked up a 10th of the target company's shares in the market.

Before the bid, the shares were only around 20p. Last week Ridgway said that a possible counter-bid would not now take place.

In its last financial year to end-September, 1980, Ridgway made a pre-tax loss of £262,000. But Mr. Hampton said yesterday that its Disa foundry, where there were heavy start-up costs, was now fully operational. Also, the planned sale or closure of Platts Forgings, which made large trading losses, would shortly take place.

He said the current book net asset value was 97p. While the realisable value of assets in a going concern depended on the return earned on them, "your board considers that the disparity between the offer price and the net asset value attributable to your shares is excessive."

Mr. Hampton also told shareholders that Ridgway's medium-term and overdraft facilities had been put on a sounder basis and pointed to recent cost reduction programmes.

NEARLY HALF JAMAICA SUGAR SHARES BOUGHT

Nearly half the shares in Jamaica Sugar Estates have been bought for £240,000 by Mr. Nicholas de Savary, younger brother of Mr. Peter de Savary, the British financier with Arab banking interests who is fronting Britain's next challenge for the America's Cup yachting prize.

Mr. de Savary has bought 1.6m shares, or 49 per cent, of Jamaica at 15p and intends to make a formal offer to all shareholders under the Takeover Code's requirements. Yesterday, Jamaica's shares showed no change at 21p.

He bought the shares from Gombrette and Peter Landor, both based in Jersey, but about which little is known.

Mr. de Savary has property interests in the UK and the U.S., while Jamaica Sugar Estates, which sold its sugar assets a few years ago, is now involved in both property and insurance on the island.

WOODRUSH BUYS PLC ENGINEERING

Woodrush Investments, set up last year by Mr. Denys Randolph, the former chairman of Wilkinson Match, and Mr. Roger Petty, previously managing director of the Renwick Group, has announced its first acquisition.

Woodrush has acquired from BICC the PLC Engineering business which makes sliding and folding doors for trains and buses all over the world, including the Hong Kong Rail Transit System.

PLC has annual sales of some £4m of which 60 per cent represents overseas business. It employs 250 people at works in Hayes, Middlesex.

POLLY PECK/ CORNELL

Acceptances under the Polly Peck offer for Cornell Dresses total 1.71m ordinary shares, representing 56.85 per cent of the total issued share capital.

The offer has now been declared unconditional in all respects. It will close on January 22.

Colmore board rejects Nesco

Centreway yesterday revealed that it had built up a stake of 5.06 per cent in Colmore Investments, the West Midlands motor distributor which is currently the subject of a bid from Nesco Investments.

In a letter to holders Mr. J. R. Charlesworth, Colmore chief executive, says that the directors of Colmore, owning 26.6 per cent of the company's shares, together with the Trustees of the Colmore Pension Fund and other holders with a further 7.2 per cent do not intend to accept the offer of 30p cash per share from Nesco.

Mr. Charlesworth says that because of the directors' reservations about the commercial aspects of the offer they will consider remaining substantial minority holders if Nesco acquires control. Nesco has acquired 28.3 per cent of the shares so far.

However, Mr. Charlesworth tells holders that the group's borrowings are at an unacceptably high level. And although the group has the support of its bankers and intends to reduce the debt through property sales, there is little likelihood of any dividend (other than nominal amounts) until a more acceptable debt/equity ratio has been re-established and the company restored to profitability.

Mr. Charlesworth points out that at September 30, 1980 Colmore's net assets amounted to £2.31m, equal to 57.8p per share.

Shareholders are presented with three choices—to accept the offer; sell in the market, or retain the shares. Mr. Charlesworth says that the market price of the company's shares is unlikely in the short term to reach 30p in the absence of the Nesco offer or a higher offer.

To those holders for whom current income is important and other holders "unable or unwilling to take a longer term view of their investment," the directors advise that 30p cash is not unreasonable.

Centreway's purchase yesterday of 30,000 shares at 31.5p each, takes its holding up to 202,500 shares. Colmore's shares rose 2p to close at 32p.

TOWER FUND MANAGERS

Tower Fund Managers, an investment management group, has acquired 53,000 ordinary shares in Dunbar Group on behalf of discretionary investment clients.

This represents 5.3 per cent of the company's total equity, but is 53 per cent of the shares of this banking investment management and financial services company which were placed last month. The 100,000 shares made their debut on the Stock Exchange's Unlisted Securities Market on December 16, when a 40 per cent premium over the placing price was seen.

HALMA PURCHASES VOLUMATIC

Halma has purchased Volumatic for £300,000 cash.

Volumatic is a supplier of security and anti-theft devices used by retail stores, offices and commercial organisations.

In addition to the £300,000 there is provision for further payments calculated by reference to the profit before tax of Volumatic for the years 1981-82 and 1982-83.

The maximum additional payment is £100,000 per year and will be payable if the profit for the year in question equals or exceeds £100,000.

LONDON TRADED OPTIONS

(Jan. 8 Total contracts 1036)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	360	42	9	64	19	—	—	400p
BP	390	16	15	42	—	56	—	"
BP	420	3	33	28	36	42	5	"
BP	500	½	—	6	5	18	—	"
Com. Union	140	4½	12	8	—	15	25	140p
Cons. Gold	488	18	43	47	—	—	—	498p
Cons. Gold	500	—	—	—	—	62	5	"
Cons. Gold	538	1½	10	25	1	—	—	"
Cons. Gold	588	½	—	10	5	25	—	"
Cons. Gold	638	½	20	6	—	10	—	"
Courtaulds	50	4	—	9½	—	11	14	52p
Courtaulds	60	1	—	4	—	7½	5	"
GEC	550	43	6	83	—	108	1	588p
GEC	600	11	1	48	6	78	—	"
GEC	650	½	2	27	2	53	—	"
Grand Met.	130	17	1	—	—	—	—	145p
Grand Met.	140	7½	19	17	—	23	—	"
Grand Met.	180	½	—	3	—	7½	40	"
ICI	300	16	20	32	—	44	1	310p
ICI	360	¼	—	7½	20	17	—	"
Land Sec.	355	16	41	—	—	...	—	364p
Land Sec.	360	—	—	29	13	40	—	"
Land Sec.	390	1	10	17	—	25	—	"
Marks & Sp.	90	28	1	33	—	—	2	118p
Marks & Sp.	100	18	1	24	—	26	—	"
Marks & Sp.	110	8	10	15½	—	19	20	"
Marks & Sp.	120	2	—	8½	—	13½	—	"
Shell	420	36	—	50	1	66	—	453p
Shell	460	6	1	24	—	40	—	"
Shell	500	1	—	13	15	24	1	"
Shell	550	½	—	6	4	13	—	"
Totals			253		127		11	
		February		May		August		
BarclaysB'k	420	25	—	37	—	52	1	425p
Imperial Gp.	70	5½	—	6	—	10	30	72p
Imperial Gp.	80	½	60	3	—	5	—	"
Lasmo	700	54	—	102	—	154	1	702p
Lasmo	750	34	—	80	36	109	—	"
Lasmo	800	17	3	53	71	80	—	"
Lonrho	90	—	—	15	10	19	50	94p
Lonrho	100	—	—	7½	9	13	—	"
Lonrho	104	3	3	...	—	—	—	"
Lonrho	120	¼	2	2	—	4	—	"
Racal Elec.	300	27	—	44	1	55	—	311p
Racal Elec.	330	12	34	27	—	39	—	"
Racal Elec.	360	2½	1	17	1	27	—	"
Racal Elec.	390	½	3	8	—	18	—	"
RTZ	414	18	10	35	—	—	—	410p
RTZ	454	5	101	20	—	—	—	"
RTZ	494	2	101	12	—	—	—	"
RTZ	500	—	—	—	—	18	10	"
Totals			317		126		92	

MINING NEWS

World's diamond market fights 1980 to a draw

BY KENNETH MARSTON, MINING EDITOR

AS EXPECTED, world sales of rough gem and industrial diamonds marketed by the South African De Beers' Central Selling Organisation fell in the second half of 1980.

In rand terms they dropped 31 per cent from the level of the first half to R874.4m (£486.8m), bringing the year's total to R2.14bn compared with R2.19bn in 1979 and the record R2.22bn achieved in 1978.

The decline was less severe when measured in U.S. dollars, this reflecting the appreciation in the rand against that currency. Thus, second half sales fell 26 per cent to $1.16bn to make a year's total of $2.72bn, an increase of 4.8 per cent on the 1979 dollar value.

Exchange rate fluctuations, however, do not alter the fact that the market has cooled considerably in the past year, especially when it is remembered that the 1980 value covers the impact of price increases for the larger stones of over one carat made in September 1979 and February 1980; they equalled average rises of 13 per cent and 12 per cent respectively.

The CSO figures are compared in the following table.

The past year started with a good first quarter and the larger gem stones were in buoyant demand. The smaller sizes were in over-supply and have remained that way although the market for them appears to have shown no further weakening in recent times.

But a disturbing feature of the second half has been the weakening in demand for the larger gems, many of which are bought for investment purposes. Apart from the general economic turndown, this reflects the high level of interest rates, particularly in the U.S.

While the diamond trade is awaiting details of how Christmas retail sales fared in the U.S. — it is believed that they may have turned out to be better than was expected — the outlook for this year remains cloudy. At this stage it seems doubtful whether the CSO value will match that of 1980 and nobody is looking for any price increases in the near future, at least.

Gold mine profits mark time

A SATISFACTORY, if unexciting, first batch of South African gold mining profits for the December quarter of last year comes from the mines in the Consolidated Gold Fields group.

Total gold production is a little lower as a result of the trend to reduced ore grades, but the effects of this on earnings have been offset by a slightly higher average gold price received in the past quarter.

Gold prices received by the individual mines during the period vary in line with the timing of sales, but the group average comes out at R15,776 per kg compared with R15,654 in the previous three months; taking current exchange rates the December quarter figure equals about $657 per oz compared with $652 in the September quarter.

It is notable that the mines' working costs have been well contained in the quarter to show only a modest average rise to £37.89 per tonne of ore milled from £37.75. Including non-gold revenue, pre-tax profits of the group mines for the December quarter total R458m (£255m) against R463m.

After tax, however, the total profit shows an increase of 3.6 per cent at R200m, largely because of capital expenditure which ranks as a tax offset. A case in point is Doornfontein which shows only a modest rise in pre-tax profit but, thanks to a much lower tax charge, comes out well at the net level.

The young Deelkraal has done well despite a lower than average gold price received of $637. Production has increased but because of an excessive amount of large rocks the mine's autogenous mill cannot achieve the planned rate of 120,000 tonnes a month and the rate is not expected to exceed 105,000 tonnes until a permanent jaw crusher is installed at mid-year.

Production lost as a result of an underground fire has affected profits of East Driefontein, but a loss of revenue insurance claim has been lodged. A planned reduction in mill grade to 14.6 grammes has lowered profits of West Driefontein; it is expected that the grade will stabilise at about 14.2 grammes this year.

Net profits of the individual mines are compared in the following table.

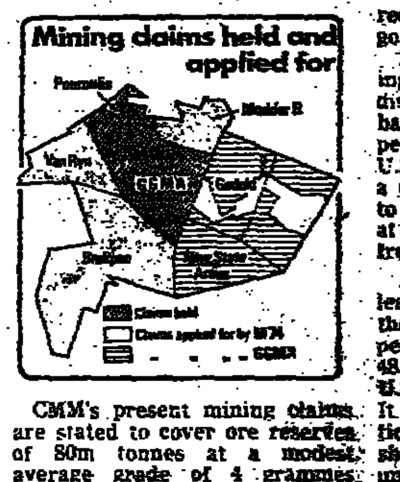
	Dec. qtr. R000s	Sept. qtr. R000s	June qtr. R000s
Deelkraal	8,690	4,481	2,037
Doornfontein	22,220	18,523	14,920
East Driefontein	[illegible]	59,120	48,480
Kloof	41,[illegible]	40,071	34,837
Libanon	12,[illegible]	12,780	14,753
Venterspost	5,635	5,902	8,698
Vlakfontein	807	678	773
West Driefontein	52,943	55,078	54,086

New money for old mines

NEW FUNDS of R20.1m (£11.3m) for ambitious plans for the re-starting of old South African gold mines which have a new life potential thanks to the higher gold prices are to be raised by a new company, Consolidated Modderfontein Mines (CMM). The latter will be, in effect, the existing quoted Government Gold Mining Areas (GGMA) under a change of name.

GGMA is now a property concern. Its gold mining operations began in 1914 and after producing some 800 tonnes of gold they ceased on a major scale in 1962, but were resumed on a modest basis in July last year. Under its guise as CMM, the company will represent a merger with the unquoted Modderfontein 74 (M74) and LC Pouroulis Mining Rights.

M74 and Pouroulis hold the mining titles to the New Modderfontein and Modderfontein Deep Levels gold mines which started up on the Eastern Rand at around the turn of the century and which closed in 1955 and 1947, respectively.



CMM's present mining claims are stated to cover ore reserves of 80m tonnes at a modest average grade of 4 grammes gold per tonne.

This is regarded as payable at today's gold prices—similar grades apply to Durban Deep and Grootvlei—especially in view of relatively shallow depth of the Kimberley reef which is to be mined and the anticipation that a favourable tax formula will be granted.

The new set-up has applied for further claims over nearby areas which include part of the old Brakpan and the New State Areas, Geduld and Modder B properties. If granted, these claims would lift overall ore reserves to 115.5m tonnes at 4g and there is also a substantial amount of lower grade material which could further raise reserves to 144m tonnes.

Life prospects are thus long for an operation which will have a planned mining rate of 1.44m tonnes a year. No significant water problems are anticipated and CMM's working costs are expected to be equivalent to a reasonable $317 per ounce of gold.

It is reckoned that when mining is fully underway in 1983, distributable profits of CMM based on a gold price of $500 per ounce would equal some U.S. 83 cents (34p) per share on a capital of 21.4m shares, rising to 128 cents on the basis of gold at $600 during the initial tax-free operating period.

After the onset of tax and lease payments it is estimated that CMM distributable profits per share would reduce to U.S. 48.4 cents with gold at $500 and U.S. 101 cents with gold at $600. It is pointed out that the operation can make use of existing shafts to tackle the previously unpayable reefs, a factor which explains the modest size of the capital to be raised.

CMM proposes to raise the R20.1m required via an offer of 8.04m shares of 5 cents at a price of R2.50 on the basis of three shares for every five held. The lower value financial rands may be used to subscribe for the issue. The existing shares of GGMA yesterday were R3.15 in Johannesburg and around 128p in London.

The reopening of these old mines is an intriguing proposition and the concept was planned by Mr. Pouroulis some seven years ago when he was acquiring mining rights.

Just how successful the project will be must depend on time, the gold price — such marginal operations are very sensitive to gold price movements — and the possibility of technical problems. At this stage the shares to be offered must be regarded cautiously as being in the category of an interesting speculation.

$3bn plan to revive Ghana gold industry

A COMMITTEE set up by the Ghanaian Government to examine ways of revitalising the country's gold industry, yesterday proposed the development of 14 new mines at a capital cost of $3bn (£1.3bn) at 1980 prices.

Mr. Lloyd Qhashie, head of the committee and deputy managing director of Ashanti Goldfields Corporation, said that drastic action was needed to keep Ghana's state-owned mines—three out of four in the country—from going out of operation.

Mr. Quashie told an Accra seminar, held to attract foreign investment to Ghana's declining gold mines, that the country is taxing its mines more heavily than other gold-producing countries. His committee recommended the adoption of a sliding-scale of taxation based on profits.

In addition, gold mining companies should be given free port status to enable them to by-pass import restrictions and the country's severe shortage of foreign exchange, the committee said.

Mr. Quashie added that Ghana could be producing five times as much gold in 20 years, indicating an annual output of some 2m ounces. The Geological Survey Department estimated yesterday that Ghana had 2bn ounces of exploitable gold.

Malaysia tin output falls

THE FAR EASTERN tin producers in the Malaysia Mining Corporation group have reported generally lower output of tin concentrates for the month of December. The two largest producers, Berjuntai and the recently-enlarged Malayan Tin Dredging, both raised their output, but these increases were more than offset by falls at the other companies.

All of the major companies have produced less tin than at the same stage of the last financial year. Outputs are compared in the accompanying table.

	Dec. tonnes	Nov. tonnes	Oct. tonnes
Aokam	128	133	174
Ayer Hitam	103	114	124
Berjuntai	256	212	255
Malayan*	701	685	725
Sungei Besi	113	121	129
Tongkah Harb.	57	22	36
Tronoh Mines†	46	47	52

* Includes Bidor Malaya, Kramat, Lower Perak, Southern Kinta, Southern Malayan. † Excludes Bidor Malaya.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$45	5	4¼	—	—	—	—	$46⅞
GM C	$50	8	1⅞	—	—	—	—	"
SEARC	$15	2	1⅞	—	—	—	—	$16⅛
		Jan.		April		July		
ABN C	F.260	[illegible]	5.50	[illegible]	[illegible]	[illegible]	[illegible]	F.283
ABN C	F.300	[illegible]	[illegible]	1	8.70	1	9.50	[illegible]
AKZO C	F.17.50	80	0.70	[illegible]	[illegible]	[illegible]	[illegible]	F.17.60
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.57.20
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KODA C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KODA C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG C	F.15	[illegible]	[illegible]	[illegible]	[illegible]	3	1.30	F.15.70
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.57
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NATN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PETR C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
POLA C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
POLA C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.200.50
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EXON C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EXON C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Feb.		May		Aug.		
BOEI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOEI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MANN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MANN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OCCI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OCCI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OCCI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SIEM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	$100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	$110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	$120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLY C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLY C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS [illegible]

A=Asked B=Bid

Energy Review: World gasohol potential

By William Chislett in Mexico City

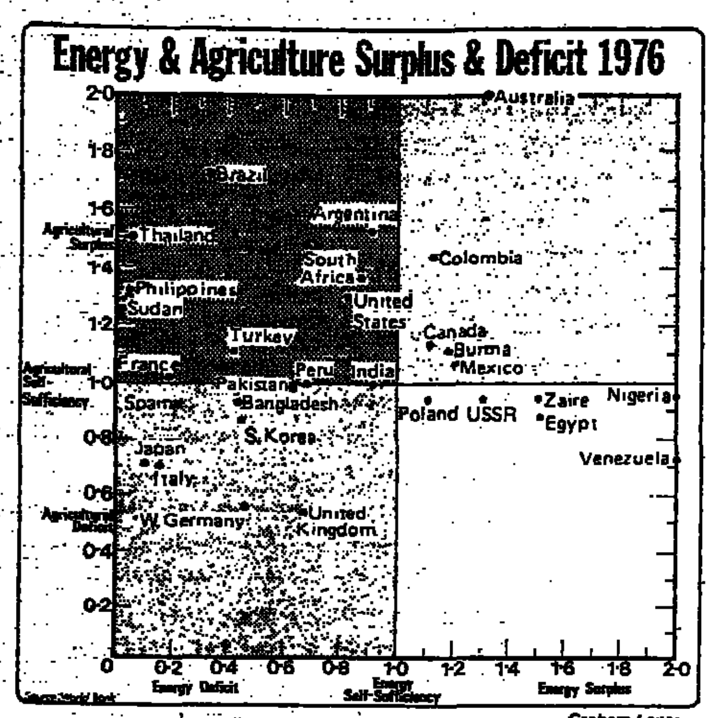
Growing a fuel feedstock

AS OIL prices continue to rise, causing the economies of developing and developed countries to go into decline, so the need to develop alternative energy sources becomes more and more important. Surprisingly bananas and sugar cane feature in this quest. Both are feedstocks for production of alcohol which can be used as a straight fuel or, more commonly, mixed with petrol to make gasohol.

Developing countries which produce these and other suitable crops are among those hardest hit by oil shortages and price rises.

Brazil, for example, has a crushing bill for its oil imports which both tightens the screws on the economy and heightens political tension. Brazil's oil bill in 1980 was around $10.5bn — almost half its export earnings.

However, the country is richly endowed with "biomass" agriculture — sugars, starches and celluloses—which produce ethyl alcohol or ethanol, an oil substitute.



Graham Lever

Brazil is now leading the world in developing a national policy for the distillation of sugar cane to produce ethanol. More than 250,000 cars produced by Brazilian manufacturers last year were designed to run solely on alcohol and some 2m such cars are expected on Brazil's roads by 1985.

This year 80 per cent of Volkswagen's car output in Brazil will be alcohol-powered. By 1985, Brazil plans to expand its ethanol production to 10.7bn litres, equivalent to about half its projected petrol demand in that year.

Costa Rica, a tiny Central American country, is now heading for financial problems for the first time in many years because its oil bill has shot from $11m in 1972 to $230m last year.

Like Brazil, the country is rich in farm products and has a large untapped agricultural potential. Each year, Costa Rica throws away some 220,000 tonnes of bananas, because they are not fit for export or domestic consumption. They could be used to make ethanol.

The U.S. uses a 10 per cent concentration of alcohol in petrol and aims, under a programme started by the Carter Administration, to produce 500m gallons of alcohol for blending with fuels by the end of 1981.

Gasohol is now beginning to catch on. The World Bank in a recent report, "Alcohol production from biomass in the developing countries," concludes that it can play an important role in assisting the Brazils and Costa Ricas of the world to evaluate the potential, prospects and viability of alcohol production.

The World Bank believes it can help by designing national alcohol programmes, transferring appropriate technology and financing projects.

The report however stresses that alcohol production is "neither a major solution to the current energy crisis nor is its economic viability usually clear cut."

Nevertheless, the Bank says that its decision actively to support viable alcohol programmes would bring the attention of policy makers in developing countries to the potential and limitations of alcohol production. It would also have a catalytic effect on other financing sources.

But no other developing country has the immense agricultural potential of Brazil which has two sugar crops and a huge surplus of land. On the other hand developing countries have in general not fully exploited their land resources. The World Bank names Mali, Sudan and Thailand as countries with large biomass production potential which, with assistance from international financial agencies, could start gasohol programmes.

The use of alcohol as a fuel and the addition of alcohol to petrol to extend an available fuel supply are not new concepts. Henry Ford's Model T was designed to run on petrol, alcohol or a mixture of both; France in World War I ran Government vehicles on a blend of alcohol and petrol; and during the depression in the 1930's U.S. farmers used a homemade alcohol to power farm machinery.

The addition of alcohol to petrol creates a higher octane level than that of straight petrol. Consumer research on gasohol performances shows that many motorists find gasohol a superior fuel: gasohol can increase fuel efficiency by 5 per cent or more and it seems to give better acceleration. However, it can create some engineering problems for car manufacturers.

The vital question, however, is not one of performance, but the more important issue of the potential conflict between food and energy needs and the economic viability of alcohol production.

Gasohol critics argue that in a starving world, as well as one undergoing an energy crisis, food should take priority over energy: biomass material should be used to feed the hungry and not as a raw material for alcohol.

This argument was countered by Mr. Dwayne O. Andreas, chairman of Archer Daniels Midland Company, the largest U.S. producers of alcohol for gasohol, when he appeared before the National Alcohol Commission in Washington last year.

He said there was a "fallacy" behind the argument of the gasohol critics since corn, for example, can be used as both food and fuel with the right refinery processes. The production of alcohol, he said, allows a country to make the maximum use of a corn crop.

Archer Daniels Midland Company's wet corn milling alcohol plants produces from one bushel (56 pounds) of corn 2.5 to 2.6 gallons of 200 proof ethanol as well as 1.7 lbs of corn oil, 3 lbs of corn gluten meal, 14.5 lbs of corn glutten feed and 15 lbs of carbon dioxide.

Both gluten feed and cornmeal can be fed to livestock. Carbon Dioxide can be used to carbonate beverages and there are also a growing number of industrial applications for the gas including the regeneration of old oil wells.

Gasohol opponents argue that large scale production of alcohol could disrupt the cereals industry since the ability to divert food grains to energy will be dependent upon the weather. Also alcohol production could decrease the amount of corn for export on which a large proportion of the world depends. In fact, there is room for manoeuvre. U.S. grain production, for example, is not running near capacity.

A report, prepared early last year, by the Leslie Analytical Organisation, said that an optimistic forecast for 1988 of gasohol production in the U.S. would be 20bn gallons. This output would require 2bn gallons of ethanol and consume about 740m bushels of corn, about 10 per cent of the 1980 U.S. corn crop.

Twenty billion gallons of gasohol would supply the petrol needs of Iowa, Illinois, Missouri, Nebraska and Minnesota, where more than half the total U.S. corn crop is grown. It would make a substantial contribution to the U.S. balance of payments.

The food/oil argument depends, of course, upon the characteristics of each country. What is viable in Brazil may be disastrous in another developing country.

The World Bank's chart on the subject presents four pictures. First, there are those countries like Brazil and Thailand with surplus agricultural production but which are net oil importers. As energy prices rise relative to food, biomass energy production will be increasingly favoured.

Second, there are countries which have both agricultural and energy surpluses. These fortunate countries are unlikely to give much priority to alcohol production unless it demonstrates strong economic viability.

Third, there is a larger group of countries with deficits in both energy and agricultural production. These countries, developed and developing, like Japan and Bangladesh, would normally pursue policies to support agriculture and may encourage biomass programmes using raw materials with low economic value, such as molasses.

Last, there is a smaller group of countries with an energy surplus and agricultural deficits. Government intervention in these countries is likely to take the form of food production incentives.

The main problem arises for those countries in the third category since they are net importers of both agricultural products and energy. The crucial question for these countries is how to make the best economic and social use of their agricultural resources to meet food and energy needs.

The World Bank report points out that on a global basis energy prices are expected to rise more sharply than food over the next decade. If this happens, the potential land use conflict between food and energy will increase since economic forces will tend to draw more agricultural resources into energy production. The choice, thus, of whether to divert agricultural resources into energy is not an easy one.

The World Bank's point of view is that: "Where potential competition in land use exists, the basic objective should be to pursue land use policies that maximise the per hectare net benefits in social terms, taking into account traditional measures of opportunity costs of raw materials and economic efficiency criteria, as well as concerns with income distribution and impact on the environment."

APPOINTMENTS

Herbert Morris chief executive

Mr. Roger T. Kingdon has been appointed managing director of HERBERT MORRIS. Mr. Kingdon had previously been with the parent company, Davy Corporation, in the 10 years up to 1968 when he was director of the process equipment division of Ashmore Benson Pease and Co. Mr. E. Patrick McTighe, an executive director of Davy Corporation, will continue as chairman of Herbert Morris.

Prior to joining Herbert Morris, Mr. Kingdon was a director of Dunford and Elliott, a subsidiary of Lonrho, and chief executive of the process plant division, incorporating the Newell Dunford group. He is also a non-executive director of the Talbot Motor Company.

★

Mr. Dennis Wall has been appointed managing director of LEYLAND PAINT AND WALLPAPER and will join the board on February 6. As reported yesterday, he will be relinquishing his positions as managing director of Manders Paints and a director of Manders (Holdings) to take up his new post. Following Mr. Wall's appointment Mr. Peter Simmonds, who became executive chairman in June last year, will revert to non-executive chairman.

★

LEYLAND VEHICLES states that the sales and marketing responsibility for its trucks in the UK and for trucks and buses in Europe has been incorporated under the title of European operations.

Mr. Ian Wilson becomes European operations director, reporting to Mr. F. F. Andrew, sales and marketing director (worldwide). Mr. Hes Hamilton and Mr. Peter Fitzsimon are UK sales and service director and European sales and service director, respectively. Mr. Chris Christianson has taken over responsibility for European marketing.

★

Mr. Howard F. Elkins has been appointed to the Board of HOLT LLOYD INTERNATIONAL, of Wilmslow.

★

Mr. Christopher Haviland has been appointed a director of BARCLAYS MERCHANT BANK, joining the projects department on January 19. For the past five years Mr. Haviland has been a director of N. M. Rothschild and Sons.

★

Mr. Jim Moore has been appointed northern operations director, Mr. Richard Bennett, buying and marketing director, and Mr. Bill Kerr, southern operations director, on the Board of SPICER-COWAN, a member of the Reed Group.

★

HAWKER SIDDELEY has made the following group appointments. Mr. Kenneth V. Latham to the Board of Hawker Siddeley International responsible for the operation of the World Aid Intelligence Unit; Mr. John R. Carrier, finance director of Electric Construction; Mr. David G. Walters, a director, Brook Crompton Parkinson Motors; Mr. R. David Johnson, managing director, Crompton Electricars; and Mr. James W. Milner, finance director, Mirrlees Blackstone (Stockport).

★

Mr. Michael T. Brisbourne has become senior international officer of GIRARD BANK. He recently returned to the London branch as head office representative after having completed a three-year assignment at the Head Office in Philadelphia. He will be responsible for the Bank's international business in the Middle East.

★

Mr. Stuart A. Banks has been appointed managing director of METRODE PRODUCTS. His previous position was managing director and chief executive of Geo. Salter & Co.

★

Mr. Derek James has been appointed financial director of BAKER ELECTRONICS and Mr. Peter Wolf has resigned as a non-executive director.

★

Mr. Kenneth W. Baker, MP, has resigned as non-executive director of GEEST HOLDINGS on his appointment as a Minister of State for Industry.

★

Mr. Richard S. Truelove has been appointed a director and general manager of the Middle East operations of BROWN BROTHERS. He will take responsibility for a new joint venture service company in Saudi Arabia.

INTERNATIONAL COMPANIES and FINANCE

HIGH INTEREST RATES BOOST EARNINGS

Chemical Bank's profits rise sharply

BY OUR NEW YORK STAFF

CHEMICAL BANK of New York, the first major bank to report its earnings for the final quarter of 1980, revealed yesterday that its profits had soared by nearly a third, largely because of the record interest rates that prevailed during the year.

Income before securities transactions was $51.3m, or $3.25 a share, compared with $39.1m or $2.49 in the same period last year. This left Chemical's full-year earnings up 23 per cent, from $142.3m, or $9.04 to $175.2m or $11.17. Chemical is the sixth largest bank in the U.S.

Mr. Donald Platten, the chairman, said that high interest rates and persistently strong business loan demand had widened the spread between the rate Chemical paid for its funds and the rate at which it was able to lend.

But Chemical also benefited from increased international service fees and from sharply higher foreign exchange profits, which were up from $9.9m to $34.5m.

However, the volatility of the fixed income markets brought the bank a loss of $12.5m on bond trading against a loss of $17.2m a year earlier. The bank also suspended the accrual of interest income on loans to Iran "pending further developments." This reduced net income by $12.3m for the year.

Excluding the Iranian loans, non-performing loans were $324m at the end of the year, down from $398m at the end of 1979. But because interest rates were higher, the negative impact on earnings was $20.3m, up from $18.8m, Chemical said.

But while Chemical was able to profit from high interest rates, this may not be a reliable indication of how other banks have fared. Citibank and Continental Illinois, respectively New York's and Chicago's largest banks, have already indicated that reduced net interest income will produce flat or lower results for the final quarter of 1980.

New York Air to offer shares to public

BY DAVID LASCELLES IN NEW YORK

NEW YORK AIR, the small but aggressive new airline which is battling its way into the New York to Washington air shuttle market, yesterday announced that it plans to sell 1.5m of its shares to the public.

However, Texas Air, the Houston-based airline which has made a name for itself as one of the sharpest fare-cutters and takeover bidders in the business, will retain its existing 5m shares in its subsidiary. Under its previous name, Texas International, Texas Air tried to buy National Airlines in 1978.

New York Air began its shuttle service shortly before Christmas, challenging Eastern Airlines, the large Florida-based carrier which has been the sole shuttle operator between New York and the national capital for more than a decade. Other airlines fly scheduled services.

Flying between the same airports, New York Air charged $49 on most of its flights, and $29 outside peak hours, compared with $59 on other carriers. New York Air also offers reserved seats and refreshments. Eastern does not.

The challenge quickly exploded into a bitter price war, with established carriers either slashing their fares to meet New York Air's, or, like Eastern, offering coupons entitling shuttle passengers to large discounts on other routes. New York Air responded to that ploy by offering $15 to anyone who turns in an Eastern coupon.

Texas Air also announced that it has appointed to its board Mr. Alfred Kahn the former chairman of the Civil Aeronautics Board, and a leading figure in the Carter Administration.

Good six months for computer group

By Our Financial Staff

NATIONAL SEMICONDUCTOR, the major U.S. semiconductor and computer maker, reported strong gains in profits and sales for the second quarter ended December 14 but warned that third quarter results would be lower.

Second quarter net profit was $14.5m or 65 cents a share on sales of $282m, against $11m or 54 cents on $207m a year earlier. This brought six months' profit to $33.4m or $1.55 on $628m against $23.6m or $1.15 on $449.3m.

The current quarter will be a "difficult one," the company said, reflecting economic conditions and the normal seasonal downturn.

Although semiconductor orders were slightly better in the second quarter than the first, they were less than shipments. But National expects strong demand to resume when the recession ends.

Shipments of digital equipment, which accounted for 26 per cent of fiscal 1980 sales, were higher in the second quarter than the first or a year earlier.

Secondary bond prices fall to allow for new issues

BY OUR EUROMARKETS STAFF

THE DELUGE of new offerings continued apace on the dollar Eurobond market yesterday with bankers reporting five new issues totalling $360m.

This heavy volume helped to depress prices on the secondary market yesterday morning, as dealers sold seasoned issues to make way for new offerings. Some long-dated issues were down as much as two points with prices falling around one point at the short end. The market was also responding to the weaker tone in New York on Wednesday, when bond prices fell by around a point. By mid-afternoon, however, some bargain hunters appeared in the London market as New York steadied at a lower level.

The weakness of the secondary market will test the ingenuity of issue managers in placing the new paper. The seasoned 10½ per cent IBM Canada bonds were trading at 97½ midpoint on Monday night, shortly before the announcement of a new issue for IBM World Trade. By yesterday evening, the IBM Canada bonds were quoted at 93 with the new bonds indicated on the grey market at less 2 to less 1½.

By comparison with some other issues, however, IBM has been well received. New bonds for Caisse Nationale de l'Energie and for Ireland were both indicated at less 4 to less 3 yesterday evening.

Ireland is raising $50m over seven years through Crédit Commercial de France. The coupon is 12¾ per cent and the bonds are expected at par. CCF is also reported to be arranging a $60m issue for Newfoundland at 13½ per cent over nine years.

Salomon Brothers announced two offerings. General Motors Acceptance Corporation is raising $100m over seven years at 12½ per cent, while Eaton Corporation of the U.S. is borrowing $50m at 13¼ per cent over eight years. Both are bullet issues which are expected at par.

Rumours circulated yesterday that the World Bank would tap the dollar market shortly, but the bank's treasurer, Mr. Eugene Rotberg, said borrowing dollars was unattractive to the bank at present levels of interest.

New issue activity has also picked up in the Swiss franc sector where terms of two new bonds were fixed yesterday.

Oesterreichische Kontrollbank is to raise SwFr 100m over 10 years with a coupon of 5¾. Issue price was set at par by lead managers Swiss Bank Corporation. The City of Stockholm is floating a SwFr 50m 10-year 5¾ per cent bond at an issue price of 99 per cent through Nordfinanz-Bank.

Secondary market prices fell back slightly yesterday as a reaction to their strong gains earlier in the week. The weaker tone of the dollar sector also prompted some selling, but trading volume stayed relatively low.

Meanwhile, the private placement market in Japanese convertibles has reopened after the Christmas break with a new SwFr 200m issue for Sanyo Electric led by Credit Suisse. Final terms will be set next Monday but the indicated coupon is 4¼ per cent and the issue has a life of five years and four months.

Hard on its heels will follow a SwFr 70m convertible private placement for Mitsubishi Petrochemical through UBS. The coupon of this five-year issue is also indicated at 4¼ per cent and final terms will be set next Tuesday.

The secondary market in Deutsche Mark foreign bonds was weaker in quiet trading.

Goodrich to withdraw from tyre supplies for new cars

BY OUR FINANCIAL STAFF

B. F. GOODRICH, the fourth largest U.S. tyre producer, is to withdraw from bidding for original equipment supply contracts with U.S. car makers from the beginning of the 1982 model year, which opens this autumn.

However, the company will continue to seek supply contracts for truck, farm and other original equipment vehicle tyres.

Goodrich's tyre operations account for roughly 43 per cent of its total sales, which for 1980 are likely to total around $3.1bn. Original equipment in all forms makes up about 25 per cent of total tyre sector sales.

In announcing the withdrawal from original equipment for cars, Goodrich said it was launching a major programme to improve its position in the replacement tyre market.

It said it believed the change in focus would enhance the financial performance of the tyre group. Goodrich will redeploy technical, manufacturing and distribution resources from the passenger tyre section of the U.S. original equipment market to its private brand and Goodrich brand businesses.

After reporting a halving of net profits from $16.5m to $8.7m for its third quarter, Goodrich, the world's largest producer of polyvinyl compounds, said in October that tyre sales by value had picked up slightly as a result of improved demand for replacement tyres.

Lobby post for Wriston

BY OUR NEW YORK STAFF

MR. WALTER WRISTON, the chairman of Citibank, and the man who turned down the chance of becoming Mr. Ronald Reagan's Treasury Secretary, has accepted the job of leading the most prestigious business lobby group in the country.

Mr. Wriston was yesterday named as the next chairman of the Business Council, an organisation of present and former heads of large U.S. companies. He succeeds Mr. Reginald Jones, the chairman of General Electric.

Growth slows for U.S. clothing group

By Our Financial Staff

INCREASED PROFITS for the fifth successive year are reported by Hart Schaffner and Marx, the Chicago-based clothing group which makes British-designed apparel under the Austin Reed of Regent Street brand, a collection with the Jack Nicklaus name and which tailors the Christian Dior collection.

Growth has slowed, however, with fourth quarter net earnings up only 4.2 per cent, from $6.18m or 72 cents a share to $6.44m or 75 cents a share. Annual profits advanced 7.2 per cent, from $21.02m or $2.45 a share to $22.53m or $2.63 a share.

Fourth quarter sales increased 8.6 per cent, from $171m to $185.7m, raising the yearly total 7 per cent, from $630.8m to $674.9m.

Prospects for 1981 are favourable with orders for spring merchandise ahead of 1980 levels, both on a unit and dollar basis. The group should benefit from the planned addition of new retail outlets while margins should be fairly well maintained.

Deere gloomy on first quarter

By Our Financial Staff

DEERE and Company, the world's largest farm machinery maker, said it might have operated in the red in November and December but it would not go as far as forecasting a loss for its first quarter ending January 31.

In a prospectus for a planned share offering, it said results since the beginning of the financial year "reflect a disproportionately low net income with the possibility of some loss."

Deere blamed the performance on low demand for its farm machinery, accounting for about 80 per cent of sales and industrial equipment.

Operating results for the first half could be "considerably" lower than a year earlier when it earned $155.6m or $2.55 a share on sales of $2.6bn.

Fiscal 1980 earnings were $228.3m or $3.72 a share on sales of $5.47bn, against $310.6m or $5.12 on $4.9bn a year earlier.

The fourth quarter improvement was largely the result of foreign exchange gains and an unusually low effective tax rate. Earnings a year earlier had been depressed by strikes.

Modest gain at MGM Film

By Our Financial Staff

A MODEST increase in profit in the first quarter of the current fiscal year is reported by MGM Film, which was set up when the former Metro-Goldwyn-Meyer group was split up into separate film and hotel businesses.

Net earnings gained 6 per cent to $5.6m or 17 cents a share, on revenues unchanged from the $51m of the previous comparable quarter.

Ford dividend

Ford Motor, which will shortly report a record annual loss for 1980, yesterday declared a first-quarter dividend of 30 cents per share—the same as the dividend paid in the previous two quarters. Some analysts had expected Ford to reduce or eliminate its dividend, writes our New York Staff.

Boost for new market in CDs

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE NEW market in SDR-denominated certificates of deposits received a further boost yesterday when Credit Suisse First Boston announced it will maintain a secondary market in such paper.

The bank, which pioneered the Eurodollar CD market together with Citibank in 1966, said it has already traded SDR-denominated CD's and expects the market to develop significantly in the coming months.

Separately, Hong Kong and Shanghai Banking Corporation, one of the seven international banks which announced the new market on Wednesday, said it began issuing SDR-denominated CD's yesterday.

The initial amount was very small, but unlike Chemical Bank which floated a formal issue of such paper last summer, Hong Kong Bank is following a policy of selling the paper at any time on demand from its clients.

A significant feature of yesterday's deal was that the CDs were placed through a broker, Godsell and Company. They were sold to Charterhouse Japhet and to a major but unnamed international bank.

Brokers have traditionally been active in the CD market for Eurodollars and Godsell's entry into the SDR business is thus a logical step. But it does serve to underline the willingness of a wide range of institutions to participate in the new market.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday, January 12. Closing prices on January 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	92¾	93¼	−1½	−0¼	13.03
CFE 13 87	75	†89¾	90½	−2	−1½	15.41
Citicorp O/S Fin. 10 86	300	87¼	88¼	−1½	−0¼	13.17
Citicorp O/S Fin. 12 87	200	94¾	95¼	−1¼	−0½	13.13
Con. Illinois O/S 9¾ 86	150	86¼	86¾	−1½	−0½	13.34
Denmark 11¾ 90	100	89¾	90½	−2½	−0⅝	13.69
Dome Petroleum 13½ 92	50	98¾	99¼	−1⅞	−0½	13.64
EEC 11 85 (May)	75	85⅝	86⅛	−1½	+0½	13.22
EEC 11 93 (August)	70	†84½	85	−1	−0½	13.41
EIB 13¾ 90	100	99¾	100¼	−1½	−0½	13.73
Eksportfinans 9½ 87	75	84½	85	−1½	−0½	13.08
Elec. de France 10 88	125	84½	85⅛	−1½	−1¼	13.28
Export Dv. Cpn. 12¾ 87	100	97½	98	−1½	+0½	13.25
Export Dv. Cpn. 9½ 86	150	86¾	87¼	−1½	+1	13.24
Fed. Dev. Bank 12¼ 85	75	†95½	96	−1½	0	13.55
Fin. Exp. Credit 10½ 85	50	90	90½	−0½	+2¼	13.49
Finland, Rep. of 9½ 86	100	84¾	85¼	0	+2¼	13.74
Ford Credit O/S 14⅛ 83	150	98⅝	99⅛	−1½	−0¼	15.69
Ford O/S Fin. 12¾ 85	250	85⅝	90⅝	−1½	−0½	15.86
GMAC O/S Fin. 13¾ 85	100	97⅞	98⅜	−1½	−0½	13.93
GMAC O/S Fin. 12 87	100	92¾	93¼	−1⅞	−0½	13.65
Gen. Mtrs. O/S 11¾ 87	100	91½	92	−1½	−0½	13.66
Goodyear O/S 12½ 87	75	*†96½	97	+0½	+1	13.24
Hudson's Bay 11½ 90	75	90¼	90¾	−1½	+0½	13.29
IBM Canada 10½ 85	50	92¾	93¼	−4⅞	−3½	12.59
Int. Harvester 12¾ 85	115	†94	94½	−1½	−1½	14.49
J. C. Penney Int. 12⅜ 86	100	*†97¼	97¾	0	+0½	13.01
McGraw 13½ 85	75	†94½	95	−2	−1½	15.18
NorWest Ind. 13⅝ 87	50	†96½	97½	−0¼	+0½	14.36
Nova Scotia 10¾ 90	50	86¾	87¼	−1½	+0½	13.19
OKB 10 85	50	89¼	89⅞	−0½	+0½	13.14
Pemex 11½ 88	100	†86¾	87	−2½	−1½	14.50
Quebec Hydro 11½ 92	100	89¼	89¾	−1½	+0½	13.52
Repsteel O/S 11½ 88	100	†83½	84	−2	−1	15.24
Roylease 11½ 85	50	91¾	92¼	−1½	−0½	13.59
SNCF 12¼ 85	50	96½	97	−1⅞	−1½	13.36
Sweden 12½ 85	150	95⅞	96⅜	−0½	−0½	13.49
Swed. Ex. Cred. 12½ 85	40	†95¾	96¼	−1	+0½	13.75
Swed. Ex. Credit 12 83	50	95⅞	96⅜	−0⅝	+0⅝	13.73
Transamerica 12¾ 83	50	†95¼	95¾	−2½	−1½	14.63
Unilever NV 9¾ 90	100	89¼	89¾	−1½	+1½	12.95
World Bank 9¾ 85	200	88¾	89¼	−1½	0	13.17
World Bank 10¼ 87	300	87¼	87¾	−1½	0	13.21

Average price changes... On day −1½ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 90	100	93⅞	94⅜	−0¼	+0½	9.37
Australia 8¼ 90	250	96½	97	−0½	−0¼	8.65
Austria, Rep. of 8¾ 92	150	93⅝	94⅛	−0½	0	9.19
BFCE 8¼ 95	100	92	92½	−0¼	+1	9.11
CECA 7⅞ 92	150	92½	93	−0¼	+0½	8.91
CII-Honeywell 8⅜ 90	125	94⅝	95⅛	−0½	−0½	9.17
Denmark 8¾ 92	100	94¾	95¼	−0½	−0½	8.96
EIB 8½ 90	200	96⅝	97⅛	−0¼	+1	9.00
ESCOM 9½ 87	100	97¾	98¼	−0½	−0½	9.70
Iberduero SA 9 90	100	97¾	98¼	0	+0½	9.27
Ind. Bk. Finland 8½ 90	50	93⅞	94⅜	−0½	0	9.39
Japan Air Lines 8¼ 87	100	95¾	96½	−0½	+0½	8.90
Japan Dev. Bk. 7⅝ 87	100	92⅞	93⅜	−0½	+0½	9.11
Kobe, City of 8 90	100	94¼	94¾	+0½	+0½	8.87
Midland Int. Fin. 8½ 90	180	96	96½	−0½	−0½	9.06
Norway 7½ 85	250	97¼	97¾	−0½	−0½	8.22
Nuclebras 9¼ 88	100	91½	92⅞	−0½	−0½	11.31
OKB 8½ 92	150	92¾	93¼	−0½	+0½	9.25
Oslo, City of 8¾ 90	80	99⅝	100⅛	+0½	+1½	8.74
Venezuela, R. of 9¾ 90	150	97⅜	97⅞	−0½	0	10.15
World Bank 8 90	700	92⅞	93⅜	−0½	+1½	9.07
World Bank 10 86	150	105⅝	106⅛	+0½	+1½	8.50
World Bank 10 90	200	109¼	109¾	+0½	+3⅞	8.47

Average price changes... On day −0½ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	†99	100	0	+2⅞	5.44
Bayer Int. Fin. 5¼ 92	100	100¼	100¾	0	+0½	5.22
Bergen, City of 6 90	50	†102	102½	+0½	+0½	5.66
Buhrm'n-Tetterode 7 90	40	†104	105	−0½	−0½	6.34
Copenhagen Tele. 5¾ 90	60	95½	95¾	−0½	−0½	6.38
Denmark 5¼ 90	80	96¾	97¼	+0½	+2¼	6.17
EIB 4⅝ 94	100	86⅜	86⅞	−0½	−0½	5.84
Elet. de France 5¾ 90	100	98⅝	98⅞	−0½	−0½	5.42
Eurofima 5¾ 92	80	†101	102	0	−0½	5.57
F. G. H. Hypo. Bk 6 90	50	†102	102½	+0½	−0½	5.68
Finland, Rep. of 5⅞ 90	80	94	94½	+0½	+0½	6.46
GZB 4¾ 89	100	88¼	88½	+0½	+0½	5.99
Int.-Amer. Dev. 7 90	80	105⅛	105⅝	+0½	+1	6.22
Japan Dev. Bk. 5¾ 90	100	102	102½	+0½	+0½	5.44
Jutland Tele. 5½ 90	50	†95½	96	−0½	+0½	6.12
Mt. Blanc Tunnel 5½ 90	60	98½	99	+0½	+0½	5.65
Newag 5¾ 90	80	†100½	101	+0½	0	5.84
Nippon Tel. & T. 4¾ 89	100	94	94½	−0½	+0½	5.79
Norges Komm. 4¾ 91	100	86⅞	87⅜	+0½	−0½	6.05
OKB 4¾ 91	100	89⅞	90⅜	+0½	0	5.64
OKB 6 90	100	101	101½	−1	−1	5.83
Oslo, City of 4¾ 91	100	86⅛	86⅝	+0½	+0½	6.14
Oslo, City of 5⅞ 90	80	†101	101½	−0½	−0½	5.70
Philips Lamps 5¾ 92	100	96	96½	−0½	−0½	5.71
Sekisui Pre. Hms. 6 90	80	102	102½	−0½	+0½	5.70
Shikoku El. Pwr. 4¾ 89	100	91⅝	91⅞	0	−0½	6.00
Trade Dev. Fin. 6⅛ 90	50	96	96½	−1½	−0½	6.67
Voest-Alpine 5¾ 90	80	98⅞	99⅛	+0½	+0½	5.88

Average price changes... On day −0½ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91½	92½	+0½	+1½	9.13
Australia 6⅞ 88	20	86⅞	87⅜	+0½	+0½	9.01
EIB 7⅝ 89	12	92¾	93¼	0	−0½	8.96
Finland 5.6 83	10	90½	91½	+0½	+1	9.51
Finland 6.8 88	10	86⅞	87⅜	+0½	+1½	9.32
Finland, Rep. of 8⅛ 87	15	94¾	95¼	+0½	−0½	9.46

Average price changes .. On day +0¼ on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 85 CS	60	90¾	91¼	−0½	+1½	13.04
CIBC 13½ 85 CS	60	†98¾	99½	+0½	+2¼	13.72
CIBC 11½ 85 CS	60	†93¾	94½	0	+2½	13.25
Federal Dev. 11½ 90 CS	60	†87	87½	0	+2	13.94
Fst. Can. Inv. 10 84 CS	50	†90	90¾	+0½	+2	13.71
R. Bk. Canada 10 86 CS	40	89	91	0	0	12.68
Tordom Con. 13½ 85 CS	30	†98½	99½	0	+1½	13.72
M. Bk. Dnmk. 9 91 EUA	25	90	91½	+0½	−0½	10.46
SOFTE 8¼ 89 EUA	40	87	88½	+0½	−0½	10.63

	Issued	Bid	Offer	Change on day	Change on week	Yield
U. Bk. Nrwy. 9½ 90 EUA	18	98¾	100	+0½	−0½	9.80
Bk. Mees & H. 10 85 Fl	75	101½	101½	−0¼	+0½	9.51
F. G. Hypo 9½ 87 Fl	60	94½	94¾	−0½	−0½	10.56
Heineken NV 10 87 Fl	100	98	98½	+0½	+0½	10.35
Nat. Inv. Bk. 10 87 Fl	75	97½	98½	−0½	+0½	10.44
Nat. Neder. 9½ 87 Fl	60	95½	96	−0½	+0½	10.40
Ned. Midd. Bk. 10 85 Fl	75	101½	101½	+0½	+0½	9.56
Aero Paris 13¾ 87 FFr	150	98¾	99¾	+0½	+0½	13.77
Charb'nages 13½ 85 FFr	400	99½	100½	0	+0½	13.96
CECA 14½ 86 FFr	150	100½	101½	−0½	+0½	13.98
Finland 11 84 FFr	80	90½	91½	+0½	+1	14.18
Finland 11½ 88 FFr	70	85	86	+0½	+0½	14.50
Gaz de France 14 84 FFr	150	91½	92½	+0½	+0½	13.99
Renault 9¾ 85 FFr	100	84½	85½	0	+2½	14.47
Solvay et Cie 9¾ 87 FFr	125	79½	80½	+0½	+1½	14.34
Und. Mex. Sts. 14 85 FFr	150	98½	99½	0	+0½	14.77
Acena 14 85 £	20	†95½	96½	+0½	+0½	15.15
Beneficial Fin. 14½ 90 £	20	94½	95½	+0½	+0½	15.29
Beneficial Fin. 14¼ 90 £	20	94½	95½	+0½	+0½	15.30
BNP 13½ 91 £	15	96⅞	96⅝	−0½	+0½	14.22
CECA 13¾ 88 £	20	96½	97	−0½	0	14.21
Citicorp O/S 13½ 90 £	50	96	96½	0	+1½	14.22
Fin. for Ind. 14½ 88 £	20	99½	100½	−0½	+0½	14.41
Fin. for Ind. 13¾ 87 £	20	97½	97½	0	+0½	14.31
Gen. Elec. Co. 12¾ 89 £	50	93½	94½	+0½	+1½	13.77
Peugeot SA 14 90 £	23	94½	95½	0	+0½	15.02
Rothschild 14½ 90 £	12	97½	98½	0	+0½	14.95
Swed. Ex. Cr. 13½ 85 £	20	102½	103	−0½	+0½	14.32
Banobras 8½ 90 KD	7	†86½	87½	0	+0½	10.47
CCCE 8¾ 91 KD	10	†81½	82	+0½	+5½	11.21
Sonatrach 8½ 90 KD	12	†87½	88½	0	+0½	10.59
Akzo 9½ 87 LuxFr	500	88½	89½	−0½	0	11.57
Euratom 9½ 88 LuxFr	500	93	94	0	−1½	11.16
Eurofima 10½ 87 LuxFr	500	98½	98½	+0½	−0½	10.74
EIB 9¾ 88 LuxFr	600	95½	96½	+0½	−0½	10.83
Volvo 9¾ 87 LuxFr	500	90½	91½	+0½	+0½	11.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¾ 87	0¼	99	99½	2/7	18½	18.79
Bk. of Montreal 5½ 90	0¼	99½	100½	18/6	5½	5.26
Bank of Tokyo 5½ 88	§0½	97½	98½	25/4	13.94	14.24
BBL Int. 5 88	0½	98½	98½	20/5	16½	16.37
Barclays O/S Inv. 5 90	0½	†101	101½	13/6	20½	19.88
Bergen Bk. A/S 6 88	§0½	97½	98½	28/2	18.19	18.54
BNP 5½ 88	0½	98½	99	29/1	14.44	14.62
CNT 5½ 88	§0½	97½	98	18/4	13½	13.55
Citicorp O/S F. 5¼ 94	§0½	98½	98½	31/1	18½	18.49
C. Itoh 5½ 87	0½	97½	97½	18/3	12½	13.21
Co-operative Bk. 6 88	0½	97½	98½	15/5	15½	15.98
Den Norske Credit 5 90	0½	97½	98½	5/2	15½	16.09
Genfinance 5¾ 87	0½	98	98½	30/4	15½	15.39
Giro. und Bank 5½ 91	0½	98½	98½	23/3	5½	5.33
GZB 5¼ 88	§0½	97½	98½	1/2	15.06	15.35
Jugobanka 8 88	0½	91	93	23/5	18½	19.27
Ind. Bank Japan 5¾ 87	0½	97½	98½	18/4	13.37	13.60
Ind. Bank Japan 5½ 88	0½	97½	97½	9/4	13½	13.44
Lloyds Europe 6 90	0½	94½	95½	3/7	14½	18.24
Lloyds Eurofin 5¾ 92	0½	98	98½	4/6	17½	17.58
LTCB Japan 5½ 88	0½	100½	101½	13/1	20 19	19.99
Man. Hanover O/S 5¾ 94	§0½	97½	98½	29/2	18½	18.67
Midland Intl. Fin. 5 89	0½	100½	100½	30/5	19.56	19.47
Midland Intl. Fin. 5¼ 92	0½	98½	99	5/6	17.19	17.49
Nacional Fin. 5¾ 88	0½	98½	98½	26/1	9.69	9.84
Nat. West. 5½ 94	§0½	96½	96½	14/4	13½	13.75
Nat. West. 5½ 92	§0½	96½	96½	23/4	13.69	14.17
Nippon Credit 5¾ 87	§0½	98½	98½	8/2	18.08	18.29
Standard Chart. 5½ 90	0½	97½	98½	6/3	12.06	12.32
Svenska Handelsbk. 5 87	0½	98½	98½	15/1	10	10.11
Bq. Ex. d'Alg. 4¾ 85 SF	0½	†88½	89	18/6	7½	8.45

Average price changes... On day −0½ on week +0½

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	103¼	104½	−0½	18.98
Canon 6¾ 95	1/81	829	115½	116½	+0½	3.58
Credit Suisse 4¼ 93	10/78	1278	*†119	121	−0½	−1.90
Digicon Fin. 8½ 95	10/81	28.5	†100½	102	−4½	8.51
Enserch Fin. 9½ 94	7/80	38.25	150½	151½	−4½	−3.67
Hanson O/S Fin. 9½ 95	1/81	1.92	103½	105	−0½	−2.97
Ina Overseas 8¾ 2000	4/81	42	†102½	104	0	0.73
Inchcape Ltd. 8 95	2/81	4.56	97	98	−0½	−4.31
Jaccs 7½ 95	11/80	565	112⅞	113⅞	+0½	−1.73
Marion Int. Fin. 9 95	12/80	23.25	†101½	103	−2	7.68
Matsushita El. 7½ 95	11/80	690	102	103	−0½	8.14
MEPC 8¾ 96	2/81	2.47	93	94½	0	3.17
Niigata Eng. 7½ 95	1/81	327	99⅞	100½	+0½	−7.18
Nissho-Iwai Co. 8 95	10/80	398	95½	96½	+0½	−2.87
Ricoh 6½ 95	8/80	604	111	112	+0½	−0.69
Sumitomo M. Ind. 7 95	2/81	181	112½	113½	+0½	−1.01
Swiss Bk. Cpn. 6¾ 90	9/80	200	†94½	96½	+0½	6.36
Taylor Woodrow 8¾ 90	1/81	4.94	93½	94½	−1	3.29
Transco Int. 9¾ 95	2/81	68	†95	96½	0	24.30
Tricorp 8½ 95	12/80	31.25	†95½	97	−1	17.85
Union Bk. Switz. 5 89	2/80	121.4	†90	92	−2	−11.27
Fujitsu 5 84 DM	7/79	431.5	139½	140½	+2½	−1.29
Sharp Corp 6½ 88 DM	9/80	588	131½	132½	+2½	−0.30
Uny Co. 6½ 85 DM	11/78	967.3	106¾	108½	+2½	1.34

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

ENI plans bourse listings for some group companies

BY RUPERT CORNWELL IN ROME

ENI, the Italian state energy agency, plans to secure the bourse quotation in Milan of several of its best known and successful subsidiaries, at present wholly-owned by the group.

Detailed technical studies are under way and a firm announcement is likely before year-end, ENI said.

The most probable candidates to go public are Nuovo Pignone, ENI's mechanical and power engineering subsidiary, Snamprogetti, its plant engineering offshoot, and Saipem, the specialist oil pipeline and oil industry equipment supplier.

Nuovo Pignone's accounts were in balance during the first half of 1980, while Snamprogetti and Saipem were profitable. In the present buoyant mood of Italian stockmarkets, all three are likely to be highly popular with investors.

ENI emphasised that the flotations, which could involve up to 49 per cent of the companies' stock, would still leave outright majority control in ENI's hands. Moreover, subsidiaries so-called "strategic" importance such as AGIP, the oil and nuclear concern, would not be considered for quotation.

At the end of 1979, Nuovo Pignone, Saipem, and Snamprogetti were capitalised respectively at L70bn ($77m), L50bn and L40bn.

ENI is not the first publicly-controlled concern in Italy which intends to tap the public's rediscovered fondness for the stock markets to provide an alternate source of capital. Government funding, the traditional source of outside capital, has become increasingly erratic as a result of budgetary paralysis.

Banco di Roma, Banca Commerciale Italiana, and Credito Italiano, the three banks belonging to IRI, the state-owned conglomerate, are all keen to use forthcoming capital increases to reduce IRI's holdings in their equity, currently ranging up to 89 per cent.

● Dreher, the Italian brewer controlled by Heineken of Holland, reports a fall to L1.3bn ($1.4m) in net profits for the year ended September, 1980. The 1978-79 result totalled L2.2bn.

The company explains that the setback stems from lower-than-expected sales which resulted from seasonal factors, notably poor weather. Sales totalled L93bn.

Lufthansa expects to be in profit for 1980

By Roger Boyes in Bonn

LUFTHANSA, the West German airline, yesterday stressed that it will still be able to register a profit for 1980 despite the rising cost of aircraft fuels and sharp competition on international routes.

Dr. Herbert Culmann, Lufthansa chief executive, declined to give an exact profit forecast for 1981, though he denied strongly reports that the state-owned airline would drop DM 270m ($139m) into the red. However, it is clear that Lufthansa may, in common with other major airlines, make a loss this year.

Dr. Culmann indicated that 1980's profits could well be below those of 1979. In 1979 pre-tax profits reached DM78.2m, itself considerably down on the DM118.1m of 1978.

Lufthansa has been hit by the acute problems that are affecting every other West European airline. The high price of oil has pushed up overall operating costs and reduced capacity usage, which, in turn, has put margins under pressure. Furthermore, competition on the North Atlantic route has caused considerable difficulties.

However, Lufthansa's relatively modern fleet has been something of a cushion, due to its flexibility in adjusting to shifting passenger demand, and it also has led to significantly less fuel being used than by some of the other major European airlines.

JAPANESE BANKING

Loan limits force capital increases

BY RICHARD C. HANSON IN TOKYO

MAJOR banks in Japan are planning capital increases as a way to combat sagging profitability and to enhance their ability to lend to prime customers. Subject to final approval by the Ministry of Finance, the increases are expected to range from 25-36 per cent.

Mitsui Bank is seeking the largest increase, 36 per cent, to help rectify its overlent position to Mitsui and Company. Mitsui Bank is being penalised for failing to meet a new rule, which took effect last year, limiting loans to individual corporations to 20 per cent of a bank's own capital. The authorities have given the bank two years' grace to meet the guidelines in the case of loans to the group's trading company. In the meantime, Mitsui has been restricted from opening new branch offices.

The other banks seeking to raise capitalisation, for the first time since 1977, are Fuji Bank, Sumitomo Bank, Mitsubishi Bank, Sanwa Bank, the Industrial Bank of Japan, and The Long-term Credit Bank of Japan. Other banks are expected to follow suit.

The authorities keep a tight lid on bank capitalisation, which in turn allows them more control over bank lending. Japanese banks are traditionally short of funds to lend, making them dependent on the Bank of Japan to meet cash needs. Increases in capital will to some extent lessen this degree of dependence.

It will also give a boost to profitability, which has declined steadily as costs have risen sharply over the past few years, by making less expensive funds available.

	Assets less contra accounts ($m)	Market capitalisation ($m)
Dai-Ichi Kangyo Bank	66,581	3,782
Fuji Bank	59,833	3,666
Sumitomo Bank	58,022	3,666
Mitsubishi Bank	57,344	3,631
Sanwa Bank	55,301	3,762
Industrial Bank of Japan	47,345	2,509
Tokai Bank	40,320	2,069
Mitsui Bank	39,232	1,853
Long Term Credit Bank of Japan	37,903	1,800
Taiyo Kobe Bank	36,884	1,613
Bank of Tokyo	36,565	1,603
Daiwa Bank	32,376	1,078
Kyowa Bank	26,365	996
Nippon Credit Bank	24,555	1,596
Saitama Bank	19,370	770
Hokkaido Takushoku Bank	16,239	616

Source: FT Editorial Research Desk

Most of the banks are expected to make straight share issues at par value, while Mitsui is reportedly ready to make a combined free scrip and par value issue.

The Japanese authorities have set more or less uniform ceilings on capitalisation, in part to prevent the stronger banks from driving out the smaller ones. Dai-Ichi Kangyo Bank, the largest in terms of deposits, has a limit of Y96bn ($478m) while the next four in size are all pegged at Y89.1bn. Mitsui Bank, the seventh largest, has a capital of Y55bn at present.

The most serious problem facing banks is how to improve profitability. Modernisation and personnel costs have increased sharply over the past decade and Japanese companies have become less dependent on banks as they have grown larger.

As a result it is generally believed that the banking industry as a whole is in for a period of mergers and rationalisation of branch networks. The latter is already occurring slowly.

Advance by Perlis Plantations

By Wong Sulong in Kuala Lumpur

PERLIS PLANTATIONS, the Malaysian sugar-based group, lifted after-tax profit by 51 per cent to 26m ringgit ($11.82m) for the year ended September.

The group is declaring a two-for-five scrip issue and a one-for-ten rights issue to bring its capital in line with its diversified operations and to raise money to finance some of its recent acquisitions.

Although its sugar refining subsidiary, Malayan Sugar Manufacturing, was again the main contributor to profits, the high earnings growth came from the group's interests in tin mining, property development and hotels. A final dividend of 12.5 per cent will be paid, making an unchanged total of 32.5 per cent.

Perlis said a surplus of 72m ringgit was thrown up by the revaluation of its sugar cane plantation and its investments in Rahman Hydraulic Tin, out of which 33.7m ringgit would be used to make the scrip issue.

The one-for-ten rights issue will be priced at 4 ringgit, and will raise 33.7m ringgit for the purchase of two companies with mining, plantation, and property interests.

Tehran to sell stake in Iran-Egypt bank venture

BY TERRY POVEY IN TEHRAN

IRAN HAS decided to sell its $10m half share in the Misr-Iran Development Bank. Announcing this yesterday, Dr. Mohsen Nourbaksh, deputy Minister of Economics and Finance, said that this investment is of no economic or political value to us at this time.

Final confirmation of this decision will have to come from Iran's parliament, said Dr. Nourbaksh.

MIDB was set up with a capital of $20m as a joint-venture between Iran and Egypt. Iranian partners in it were Bank Melli Iran and the Industrial and Mining Development Bank. Egypt's two members were the National Insurance Company and the Eskandarieh Bank. All four partners had equal $5m holdings.

Iran sent Mr. Hussein Allmasi, then managing director of Bank Melli, to attend the annual general meeting of the bank about seven months ago, but he never returned to the country after the meeting.

Iran has been trying to retrieve its $10m investment for some time but the disappearance of Mr. Allmasi and the breaking of political relations with Egypt have prevented any mutually agreed solution from being reached, said officials in Tehran.

Bahrain to vet foreign offshore bank personnel

BY MARY FRINGS IN BAHRAIN

THE Bahrain Monetary Agency (BMA) is conducting its first formal "management audit," to record the background and experience of senior officers of all overseas banks in Bahrain. Circulars have gone out to banks asking them to furnish details of the manager and his deputy, and of any other senior staff they may wish to include.

One reason for the move lies in the Agency's expressed intention of setting up regular consultations with the banks, through the Bankers Society of Bahrain. In the early days of the Bahrain offshore market, more was done on the basis of personal contact. Now that there are 64 licensed offshore banking units, this system has become difficult to operate.

The Agency is also, however, acting within its supervisory role, to monitor the quality of management of overseas banks operating in Bahrain. Although there is no reason to suspect that major banks have been down-grading the quality of their staff, once a branch in Bahrain has been established, it is thought that the Agency may in future claim the right to vet the qualifications of incoming management staff, and to refuse any it finds unsuitable.

Amro downgrades forecast

By Our Financial Staff

AMSTERDAM - Rotterdam Bank (Amro), one of the big three banks in Holland, has been forced to downgrade its profits forecast following a sharp rise in provisions.

The bank's provision for general risks is now going to be considerably higher than the Fls 190m set aside in 1979 and as a result expectations of earnings growth for 1980 are having to be lowered.

Net profits for last year will show only a limited change, Amro says in a bond issue prospectus. Five months ago, following a 19 per cent rise to Fls 143m in first half net earnings, shareholders were told to expect reasonable growth for 1980 as a whole.

Business volume developed more or less as expected in the second half but the interest margin came "under pressure." The bank adds that slower domestic credit growth was partly compensated by a relatively stronger expansion of its foreign portfolio.

In 1979, when the bank's balance sheet expanded by close on a sixth to Fls 84.1bn, net earnings improved by 8 per cent to Fls 273.5m.

New York subsidiary for Israel Discount Bank

BY L. DANIEL IN TEL AVIV

ISRAEL DISCOUNT Bank (IDB) — the country's third largest — has reorganised its operations in the western hemisphere. Instead of working through branches of the Israel parent company, Israel Discount Bank of New York has been established so that customers there can enjoy the protection of U.S. Federal Deposit Insurance (FDIC).

Israel Discount NY has two branches in New York, another in the Cayman Islands, and a subsidiary with three branches in South America — Discount Bank (Latin America). Its assets are said to exceed $1bn, and capital, reserves and deferred capital notes $90m.

IDB Bankholding Corporation, which controls the bank, as well as the bank's investment company, and owns 87 per cent of the PEC Israel Economic Corporation, has published a prospectus to raise Sh 198m ($26m) net by the sale of ordinary shares and warrants both by way of rights and to the public and its employees. About half of the sum is to be used for the acquisition of rights in bank itself to which the Bankholding Corporation is entitled and the balance for the purchase of preference shares in PEC and 19 per cent of the share capital of the newly established bank in New York.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 7, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.1813
Algeria	Dinar	3.8325
Andorra	French Franc	4.492
	Spanish Peseta	78.945
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.50
Australia	*Australian $*	*0.8409*
Austria	Schilling	13.7362
Azores	Portug. Escudo	52.85
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	78.945
Bangladesh	Taka	15.1894
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	31.242
	B. Franc (F)	31.355
Belize	Belize $	2.00
Benin	C.F.A. Franc	224.60
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.864
Bolivia	*Bolivian Peso*	*25.00*
Botswana	Pula	0.7369
Brazil	Cruzeiro	65.33
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.0755
Bulgaria	Lev	0.87
Burma	Kyat	6.7271
Burundi	*Burundi Franc*	90.00
CamerounRepub'c	C.F.A. Franc	224.60
Canada	Canadian $	1.1895
Canary Islands	Spanish Peseta	78.945
Cape Verde Isle.	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	224.60
Chad	C.F.A. Franc	224.60
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.475
Colombia	*Col. Peso (O)*	*50.50*
Comoros Islands	C.F.A. Franc	224.60
Congo(Brazzaville)	C.F.A. Franc	224.60
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7313
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.60
DemRep.SaoTome & Principe	S. Tome Dobra	35.2736
Denmark	Danish Krone	5.975
Djibouti Rp. of	Djibouti Franc	174.705
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Egyptian pound	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	157.89
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.975
Falkland Islands	Falkland Is. £*	2.4155
Fiji	Fiji $	0.7846
Finland	Markka	3.8125
France	French Franc	4.492
French C'ty in Af.	C.F.A. Franc	224.60
French Guiana	Local Franc	4.492
French Pacific Is.	C.F.P. Franc	79.4866
Gabon	C.F.A. Franc	224.60
Gambia	Dalasi	1.656
Germany (East)	Ostmark (O)	1.9422
Germany (West)	Deutschemark	1.9422
Ghana	Cedi	2.75
Gibraltar	Pound*	2.4155
Greece	Drachma	46.175
Greenland	Danish Krone	5.9775
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.492
Guam	U.S. $	1.00
Guatemala	*Quetzal*	1.00
Guinea Bissau	Peso	34.2992
Guinea Republic	Syli	19.2429
Guyana	Guyanese $	2.5502
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.142
Hungary	Forint	32.5534
Iceland	I. Krona (4)	6.00
India	Ind. Rupee	7.864
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	*Irish Punt**	1.911
Israel	Shekel	7.55
Italy	Lira	925.00
Ivory Coast	C.F.A. Franc	224.60
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	200.30
Jordan	Jordan Dinar	0.307
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.5302
Kiribati	Australian $	0.8409
Korea (Nth)	Won	0.94
Korea (Sth)	Won	659.50
Kuwait	Kuwait Dinar	0.2706
Lao P'pls D. Rep	New Kip	10.00
Lebanon	Lebanese Pound	3.6685
Lesotho	Loti	0.7421
Liberia	*Liberian $*	*1.00*
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.756
Luxembourg	Lux Franc	31.242
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	224.60
Madeira	*PortugueseEscudo*	52.85
Malawi	Kwacha	0.8269
Malaysia	Ringgit	2.20
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	449.20
Malta	Maltese Pound	0.3511
Martinique	Local Franc	4.492
Mauritania	*Ouguiya*	44.92
Mauritius	M. Rupee	7.7953
Mexico	Mexican Peso	23.275
Miquelon	French Franc	4.492
Monaco	French Franc	4.492
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	*Dirham*	4.5694
Mozambique	Moz. Escudo	26.7932
Namibia	Rand	0.7421
Nauru Is.	Aust. $	0.8409
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.1107
NetherlandAntilles	Antillian Guild	1.80
New Zealand	*NZ $*	1.0325
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	224.60
Nigeria	Naira (O)	0.5247
Norway	Norw'g Krone	5.1075
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6392
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	*Sol*	342.31
Philippines	Ph. Peso	7.58
Pitcairn Islands	NZ $	1.0325
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	52.85
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.492
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.4155
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.492
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	925.00
Saudi Arabia	Saudi Riyal	3.3307
Senegal	C.F.A. Franc	224.60
Seychelles	S. Rupee	5.5185
Sierra Leone	Leone	1.1812
Singapore	Singapore $	2.0755
Solomon Islands	S.I. $	0.7868
Somali Republic	Som. *Shilling*	6.0241
South Africa	Rand	0.7421
Spain	Peseta	78.945
Spanish Ports in North Africa	Sp. Peseta	78.945
Sri Lanka	S. L. Rupee	17.80
Sudan Republic	Pound (2)	0.50
Sudan Republic	*Pound (1)*	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7421
Sweden	S. Krona	4.341
Switzerland	Swiss Franc	1.756
Syria	Syria Pound	5.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan Shilling	8.1143
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	224.60
Tonga Islands	Pa'anga	*0.8409*
Trinidad & Tob	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	*Lira*	89.25
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8409
Uganda	Ug. Shilling	7.5302
United Arab Emir.	UAE Dirham	3.6719
United Kingdom	£ Sterling*	2.4155
Upper Volta	C.F.A. Franc	224.60
Uruguay	Urug. Peso	10.01
U.S.S.R.	Rouble	0.675
Vanuatu	FNH	72.5931
Vanuatu	Aust. $	0.8409
Vatican	Italian Lira	925.00
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9141
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	29.37
Zaire Republic	*Zaire*	3.124
Zambia	Kwacha	0.7984
Zimbabwe	Zim $	0.6289

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate

(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.

(3) Egypt—A different rate applies to certain transactions with non-IMF countries

(4) From January 7, 1981, Iceland introduced a new crown equivalent to 100 units of old currency.

Dollar firm

Dollar was firm in the foreign exchange market yesterday, influenced by higher Eurodollar interest rates and the comment by a U.S. Treasury official that the U.S. balance of payments will show a surplus of $10bn on current account this year. Chase Manhattan Bank's cut of ½ per cent to 20 per cent in its prime rate was not a major factor in the market.

Sterling lost ground to the dollar, but was firm against most Continental currencies.

European Monetary System members showed little change, with the French franc the strongest currency, followed by the Dutch guilder.

DOLLAR—trade-weighted index (Bank of England calculation) rose to 86.0 from 85.4. The U.S. currency rose to DM 1.9620 from DM 1.9450 against the D-mark, to SwFr 1.7770 from SwFr 1.7615 *in terms of the Swiss franc*, and to Y201.50 from Y201.00 against the Japanese yen.

STERLING — trade weighted index (Bank of England) was *unchanged* all day at 79.0. The pound fell 85 points to close at $2.4040-2.4050. It opened at *$2.4060-2.4070 the highest point* of the day, and touched a low of $2.3970-2.3980.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position. High U.S. interest rates have caused problems for the D-mark, but the German currency has improved as U.S. rates have declined recently, and also gained some strength from the easing of tension over Poland — *The* D-mark lost ground to the dollar in Frankfurt yesterday, reflecting higher Eurodollar interest rates as well as comments by U.S. officials suggesting that interest rates will remain firm. The rise to 4.8 per cent in Germany's unemployment rate, from 4.2 per cent in November also undermined the D-mark, but there was little reaction to the November balance of payments figures. In the first 11 months of 1980 the current account deficit was DM 27.368bn, compared with DM 9.772bn for the same period of 1979. The issue of a five-day working week in Poland was also seen as an unsettling move for the D-mark, as the dollar rose to DM 1.9618 from DM 1.9401 at the fixing.

DUTCH GUILDER — One of the stronger members of the EMS helped by energy supplies in the form of North Sea gas—The guilder weakened against most major currencies at the Amsterdam fixing, but improved slightly against some of its EMS partners. The French franc fell to Fl 46.96 per 100 francs from Fl 47.02, the Belgian franc to Fl 6.7530 per 100 francs from Fl 6.76, and the Danish krone to Fl 35.29 from Fl 35.35. The D-mark was little changed at Fl 1.08725, against Fl 1.0872. Outside the EMS the dollar rose to Fl 2.1320 from Fl 2.1125 and sterling to Fl 5.1260 from *Fl 5.1100*.

JAPANESE YEN—Very firm, *influenced by Japan's strengthening* economic performance, and the fall in U.S. interest rates—The yen renewed its advance against the dollar in active Tokyo trading, after Wednesday's slight setback. The U.S. currency fell to Y200.40 from Y201.25, after opening at Y201.20. It was not clear whether the Bank of Japan gave any support to the dollar, *but any* intervention would have been on a small scale. In early trading the dollar climbed to Y201.70, *but eased to* Y200.35 in the morning, and traded around Y200.50 in the afternoon.

THE POUND SPOT AND FORWARD

Jan. 8	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3970-2.4070	2.4040-2.4050	1.30-1.40c dis	−6.74	1.90-2.05dis	−3.28
Canada	2.8530-2.8600	2.8555-2.8565	1.10-1.20c dis	−4.83	1.50-1.70dis	−2.24
Nethlnd.	5.09-5.14	5.12½-5.13½	2¼-1¼c pm	4.97	6¾-5¾ pm	4.68
Belgium	75.40-76.00	75.85-75.95	19-9c pm	2.21	37-27 pm	1.69
Denmark	14.43-14.64	14.52½-14.53½	3½-1½ore pm	2.12	2¾-¾ pm	0.41
Ireland	1.2666-1.2725	1.2665-1.2675	0.68-0.04p pm	0.57	0.15-0.10 pm	0.39
W. Ger.	4.68-4.73	4.71½-4.72½	2¼-1¼pf pm	5.72	7-6 pm	5.51
Portugal	127.00-127.75	127.35-127.45	5-70c dis	−3.53	15pm-140dis	−1.96
Spain	191.15-191.75	191.60-191.70	35-105c dis	−4.38	115-215 dis	−3.44
Italy	2,228-2,243	2,241½-2,242½	4¾-6¾lire dis	−3.08	13½-16½dis	−2.48
Norway	12.27-12.37	12.34-12.35	3¼-1¾ore pm	2.26	11½-9¾ pm	3.39
France	10.85-10.93	10.90½-10.91½	4¼-3¼c pm	4.12	9-8 pm	3.12
Sweden	10.46-10.53	10.50-10.51	4¼-5¾ore dis	−5.42	10-11¾ dis	−4.04
Japan	478-488	484-485	2.75-2.05y pm	5.94	6.90-6.25 pm	5.43
Austria	33.20-33.50	33.35-33.40	10-8gro pm	2.88	29-23 pm	3.12
Switz.	*4.23½-4.28½*	*4.27-4.28*	3¾-2¾c pm	9.47	9⅞-8⅞ pm	8.77

Belgian rate is for convertible francs. Financial franc 76.05-76.15. Six-month forward dollar 2.70-2.90c dis. 12-month 2.90-3.20c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3970-2.4070	2.4040-2.4050	1.30-1.40c dis	−6.74	1.90-2.05dis	−3.28
Ireland†	1.8900-1.8955	1.8920-1.8960	1.05-1.15c dis	−6.98	1.60-1.75dis	−3.54
Canada	1.1883-1.1889	1.1886-1.1889	0.05-0.01c pm	0.35	0.16-0.11 pm	0.45
Nethlnd.	2.1305-2.1325	2.1305-2.1315	2.25-2.15c pm	12.39	4.40-4.30 pm	8.16
Belgium	31.54½-31.60	31.58-31.60	25½-23c pm	9.22	41-38 pm	5.01
Denmark	6.0335-6.0430	6.0350-6.0365	4½-4ore pm	8.45	5½-5 pm	3.48
W. Ger.	1.9570-1.9650	1.9615-1.9625	2.02-1.97pf pm	12.20	4.17-4.12 pm	8.45
Portugal	52.85-53.25	53.03-53.13	25c pm-par	2.83	45 pm-15 dis	1.13
Spain	79.62-79.76	79.71-79.76	25c pm-par	1.88	10 pm-25dis	−0.38
Italy	930.50-932.20	930.50-931.00	2-1lira pm	1.93	par-1½ dis	−0.32
Norway	5.1336-5.1425	5.1335-5.1345	4½-4ore pm	9.93	8-8½ pm	6.82
France	4.5300-4.5445	4.5425-4.5445	4.30-4.00c pm	10.70	7.10-6.90 pm	6.17
Sweden	4.3730-4.3830	4.3755-4.3765	0.80-0.65ore pm	1.98	0.50-0.65dis	−0.52
Japan	200.80-201.90	201.45-201.55	2.20-2.00y pm	12.51	4.35-4.15 pm	8.44
Austria	13.88-13.92	13.89½-13.90½	11.60-11.00gro pm	9.75	23.50-22.00pm	6.54
Switz.	1.7680-1.7785	1.7765-1.7775	2.44-2.38c pm	16.14	5.37-5.27 pm	11.97

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.0	−25.5
U.S. dollar	86.0	−7.9
Canadian dollar	79.6	−18.5
Austrian schilling	147.7	−22.1
Belgian franc	111.3	−10.9
Danish kroner	101.9	−7.6
Deutsche mark	146.8	+40.0
Swiss franc	188.3	+77.3
Guilder	133.0	+17.7
French franc	96.7	−7.8
Lira	50.3	−52.7
Yen	145.7	+43.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.530353	0.547255
U.S. $	13	1.28372	1.32185
Canadian $	17.25	1.52493	1.56797
Austria Sch.	6¾	17.6370	18.1952
Belgium F.	12	40.1297	41.3176
Danish K.	11	7.66080	7.90597
D'mark	7½	2.49065	2.56729
Guilder	8	2.71186	2.79174
French Fr.	9½	5.76583	5.93972
Lira	16½	1185.19	1220.73
Yen	7¼	256.339	264.766
Norwgn. Kr.	9	6.56669	6.76889
Spanish Pts.	8	101.284	104.360
Swedish Kr.	10	5.67841	5.74789
Swiss Fr.	3	2.25254	2.32090
Greek Dr'ch.	—	Unavail.	60.9874

OTHER CURRENCIES

Jan. 8	£	$		£ Note Rates
Argentina Peso	4790-4810	1993-2004	Austria	33.20-33.60
Australia Dollar	2.0240-2.0280	0.8440-0.8435	Belgium	75.80-76.80
Brazil Cruzeiro	160.53-161.53	66.80-67.15	Denmark	14.49-14.59
Finland Markka	9.211-9.229	3.8370-3.8380	France	10.83-10.93
Greek Drachma	109.883-113.077	46.45-46.55	Germany	4.69¼-4.75¼
Hong Kong Dollar	12.328-12.348	5.1350-5.1360	Italy	2220-2290
Iran Rial	174.00*	71.80*	Japan	480-490
Kuwait Dinar(KD)	0.648-0.654	0.2700-0.2708	Netherlands	5.10-5.14½
Luxembourg Frs.	75.85-75.95	31.58-31.60	Norway	12.30-12.40
Malaysia Dollar	5.3100-5.3210	2.2125-2.2145	Portugal	127-140½
New Zealand Dlr.	2.4825-2.4875	1.0335-1.0345	Spain	189¾-195
Saudi Arab. Riyal	7.97-8.03	3.3305-3.3320	Sweden	10.60-10.80
Singapore Dollar	5.9920-5.0030	2.0800-2.0820	Switzerland	4.24¼-4.29
Sth. African Rand	1.7875-1.7985	0.7435-0.7440	United States	2.39½-2.41¼
U.A.E. Dirham	8.80-8.86	3.6705-3.6725	Yugoslavia	78-88

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.3608	+3.95	+1.15	±1.53
Danish Krone	7.72336	7.90814	+2.39	−0.41	±1.64
German D-Mark	2.48208	2.56957	+3.52	+0.72	±1.125
French Franc	5.84700	5.94469	+1.67	−1.13	±1.3557
Dutch Guilder	2.74362	2.79361	+1.82	−0.98	±1.512
Irish Punt	*0.662201*	*0.691708*	+3.52	+0.72	±1.668
Italian Lira	1157.79	1220.69	+5.43	+2.78	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 8	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.405	4.720	484.5	10.91	4.275	5.138	2242.	2.856	75.88
U.S. Dollar	0.416	1.	1.963	201.5	4.537	1.778	2.133	932.4	1.188	31.57
Deutschemark	0.212	0.509	1.	102.6	2.311	0.906	1.087	475.0	0.605	16.08
Japanese Yen 1,000	2.064	4.963	9.742	1000.	22.52	8.824	10.59	4627.	5.895	156.7
French Franc 10	0.917	2.204	4.326	444.1	10.	3.918	4.708	2055.	2.618	69.57
Swiss Franc	0.234	0.562	1.104	113.3	2.552	1.	1.200	524.4	0.668	17.75
Dutch Guilder	0.195	0.469	0.920	94.44	2.127	0.833	1.	437.0	0.557	14.80
Italian Lira 1,000	0.446	1.072	2.105	216.1	4.866	1.907	2.288	1000.	1.274	33.86
Canadian Dollar	0.350	0.842	1.653	169.6	3.820	1.497	1.798	[illegible]	1.	26.58
Belgian Franc 100	1.318	3.168	6.219	638.3	14.37	5.632	6.759	2954.	3.763	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 11/16	offer 17 13/16	bid 16 5/8	offer 16 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13¾-14	19¾-20	16-17	9-9¼	3½-4	8¾-8⅞	10¼-10¾	16-20	10-10½	7-7½
7 days' notice	14-14¼	19¾-20	16-17	9-9¼	3¾-4¼	8⅞-9	10½-10¾	15¾-17¾	10¾-11¾	[illegible]
Month	14-14¼	20⅝-20⅞	18⅝-18¾	9⅛-9¼	5⅜-5½	9-9⅛	10⅛-10⅜	17¼-18¼	12¼-12¾	[illegible]
Three months	14-14¼	17⅝-17⅞	16½-16⅞	9⅜-9⅝	5½-5⅝	9-9⅛	11⅛-11⅜	17¾-18¾	12¾-13¼	[illegible]
Six months	14⅛-14¼	16⅝-16⅞	15½-15⅝	9½-9⅝	5⅞-6	9-9⅛	11⅝-12	18-19	13¼-13¾	[illegible]
One Year	13¾-14	15¼-15½	14¼-14⅝	9¾-9⅞	5⅝-5¾	9⅛-9¼	12½-12⅞	18¾-19¾	13⅞-15	[illegible]

Asian $ (closing rates in Singapore) one-month 20⅛-20⅜ per cent; three months 17½-17¾ per cent; six months 16⅝-16⅞ per cent; one year 15⅛-16 per cent. Long-term European two years 14¼-14½ per cent; three years 13¾-14½ per cent; four years 13¾-14½ per cent; five years 13¾-14 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.90-19.00 per cent; three-months 17.60-17.80 per cent; six months 16.30-16.40 per cent; one year 15.20-15.30 per cent.

INTERNATIONAL MONEY MARKET

European rates steady

Interest rates showed no clear *trend in Europe yesterday.* Call money in Frankfurt was quoted at 9.10-9.15 per cent in the interbank market, compared with 9.05-9.15 per cent on Wednesday, with banks continuing to pay off their lombard liabilities. One-month money stood at 9.35-9.40 per cent against 9.35-9.45 per cent while three-month money rose slightly to 9.40-9.45 *per cent from* 9.35-9.45 per cent. Six- and 12-month rates were slightly easier however at 9.30-*9.40 per cent and 9.10-9.25 per* cent respectively from 9.35-9.45 per cent and 9.30-9.40 per cent. Meanwhile at yesterday's fortnightly meeting of the Bundesbank central council, major credit policies were left unchanged, much in line with market expectations.

In Amsterdam call money rose to 8¾-9 per cent from 7¾-8½ per cent despite Wednesday's Fl 1.18bn special advance arranged by the central bank. One-month money rose to 9⅛-9¼ per cent from 8¾-9⅛ per cent, while the three-month rate was higher at 9⅛-9¼ per cent compared with 9⅛-9⅛ per cent previously. Six-month money was barely changed at 9⅛-9⅜ per cent and 12-month money remained at 9⅛-9⅜ per cent.

In Paris call money fell to 10⅞ per cent from 10⅞ per cent *while longer term rates showed* mixed changes.

In New York the downward trend in interest rates continued, with Chase Manhattan *Bank lowering its prime rate to* 20 per cent from 20½ per cent following similar moves by other banks earlier in the week.

UK MONEY MARKET

Small help

Bank of England Minimum *Lending* Rate 14 *per cent* (from November 24, 1980)

Day to day credit appeared to be in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of *Treasury bills and commercial* bills direct from the discount houses. The market was faced *with* a small number of commercial bills maturing in official hands and a small net take up of Treasury bills to finance. On the other hand there was a small fall in the note circulation. Government disbursements were flat over revenue transfers to the Exchequer, with a rate support grant payment helping to offset seasonal tax payments. Discount houses were paying 13½-13¾ per cent for secured call loans at the start, with [illegible] balances taken at 10-12½ per cent.

In the interbank market overnight loans opened at 13¾-13⅞ per cent and fluctuated slightly [illegible] Rates then [illegible] the close [illegible] 12 per cent.

GOLD

Slight fall

Gold fell $2½ to $573½-576½ in quiet trading in the London bullion market. The metal finished around its highest level of the day however, after opening at $572-575, and touching a low point of $570-573. Apart from the firmer trend in U.S. interest rates there were no new factors to influence trading. Gold was fixed at $573.75 in the morning, and $574.75 in the afternoon.

In Frankfurt the 12½-kilo gold bar was fixed at DM 36,285 per kilo ($576.18 per ounce) compared with DM 36,890 ($589.47) previously, and gold closed at $573-576, against $584-587.

In Zurich gold finished at $573-576, compared with $584-587.

	Jan. 8		Jan. 7	
Gold Bullion (fine ounce)				
Close	$573½-576½	(£238½-239½)	$576-579	(£238½-239½)
Opening	$572-575	[illegible]	$588-591	(£243½-244½)
Morning fixing	$573.75	(£238.566)	$586.75	(£243.134)
Afternoon fixing	$574.75	[illegible]	$585.95	(£241.985)
Gold Coins				
Krugerrand	$590-592½	[illegible]	[illegible]	(£245½-246½)
1/2 Krugerrand	$302-304	[illegible]	[illegible]	(£126¼-128¼)
1/4 Krugerrand	$155¼-157¼	[illegible]	[illegible]	(£64½-66¼)
1/10 Krugerrand	$63¼-64¼	[illegible]	[illegible]	(£24¼-26¼)
Mapleleaf	$585-589	[illegible]	[illegible]	(£242½-244¼)
New Sovereigns	$144¼-146¼	[illegible]	[illegible]	(£60-60¾)
King Sovereigns	$171¼-173¼	[illegible]	[illegible]	(£70¼-71¾)
Victoria Sovs.	$171¼-173¼	[illegible]	$170-171	(£70¼-71¼)
French 20s	$154-156	[illegible]	[illegible]	(£59-63)
50 pesos Mexico	$713-717	[illegible]	$730-734	(£302¼-304)
100 Cor. Austria	$560-565	[illegible]	[illegible]	(£237,239)
$20 Eagles	$580-585	(£24?-245)	$592-597	(£285½-288¼)

LONDON MONEY RATES

Jan. 8 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	10-13⅝	13¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—
2 days notice	—	—	13⅞-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—
7 days or	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—
7 days notice	—	13¾-14⅛	14-14¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—
One month	14½-14⅝	14⅛-14½	14¼-14⅜	15⅛-15⅝	[illegible]	[illegible]	[illegible]	[illegible]	14	14⅞
Two months	14½-14⅝	14⅛-14½	—	15-15⅝	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14¾
Three months	14½-14⅝	14⅜-14½	14⅛-14⅜	14⅞-14⅜	[illegible]	[illegible]	[illegible]	12⅞	13¾-13⅞	14½
Six months	13¾-13⅞	13⅞-14⅛	13¾-14	14-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13¾
Nine months	13¾-13⅝	13¾-13⅞	—	13⅞-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	—	—
One Year	13¾-13⅞	13⅝-13⅞	13½-13¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—
Two years	—	—	13⅝-13¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years [illegible] per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills 14¼ per cent.

Approximate selling rate for one-month Treasury bills 13 per cent [illegible] 12⅞ per cent. Approximate selling rate for one-month bank bills [illegible] per cent; three-*months 13⅞-13⅝ per cent; one-month trade bills* [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) [illegible] 1981. Clearing Bank Deposit Rates for sums at seven days' notice [illegible] lending 14 per cent. Treasury Bills: Average tender rates of [illegible]

MONEY RATES

NEW YORK	
Prime Rate	19½-20½
Fed. Fund	19¼-19¾
Treasury Bills (13-week)	14.70
Treasury Bills (26-week)	14.00
GERMANY	
Discount Rate	7.5
Overnight Rate	9.125
One month	9.375
Three months	9.425
Six months	9.35
FRANCE	
Discount Rate	9.5
Overnight Rate	10.6875
One month	10.9375
Three months	11.4375
Six months	12.25
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.875
Bills Discount (three-month)	9.40625

WORLD STOCK MARKETS

Dow 11 weaker at mid-session

WORRIES ABOUT interest rates partly caused a further sharp decline on Wall Street in active although much reduced early trading yesterday.

Analysts cited concern about indications that the Federal Reserve does not want interest rates to decline very much at present. However, two major banks cut their Prime Rate to 20 per cent, leaving four at 20 per cent, one at 19½ and the rest at 20¼.

They also cited more selling on the advice of Joseph Granville, publisher of a market advisory letter, that drove share prices down steeply the previous day in record volume.

The Dow Jones Industrial Average, after falling 28.84 on Wednesday, was 11.18 lower at 969.71 by 1 p.m. The NYSE All Common Index fell $1.00 more to $76.29, while falls outpaced rises by a five-to-two margin. The trading pace slowed to 39.19m shares from Wednesday's 1 p.m. level of 60.37m.

Defence, Computer and Oil issues continued to bear the brunt of the selling. Volume leader **LTV** shed ⅞ to $18⅛, **IBM**, in second place, $1 to $68⅝, **Data General** 1½ to $59¾, **Exxon** 1⅜ to $77½, **Texaco** ⅞ to $45½ and **Honeywell** 1⅝ to $104¾.

Raytheon lost $2 to $101, **Litton** 1⅜ to $81¼ and **Teledyne** 5⅜ to $196¼.

Interest rate-sensitive issues, such as Banks and Retailers, that had been firming recently, were easier. **Bankamerica** slipped ½ to $29¾ and **Citicorp** ⅜ to $24. **Sears Roebuck** dipped ½ to $16 and **J. C. Penney** ½ to $23¾, even though both reported improved December sales.

THE AMERICAN SE Market Value Index lost 3.68 more to 335.41 at 1.00 pm. Volume 5.14m shares (10.92m).

Canada

Markets remained easier in further active trading yesterday morning. The Toronto Composite index was 6.9 weaker at 2,258.5 at noon, while Golds receded 55.1 to 4,624.0 and Oils and Gas 39.2 to 4,301.9.

Tokyo

Despite the severe overnight Wall Street setback, Tokyo shares were inclined to make further headway in another large turnover, with speculation over a possible cut in the Official Discount Rate continuing to buoy the market.

The Nikkei-Dow Jones Average, after advancing 63 points on Wednesday, rose 21.37 more to a new record high of 7,222.14. The Tokyo SE index added 2.02 at 503.03, while gains outscored declines on the First Market section by 383 to 295. Volume further expanded to 710m shares from the previous day's 680m.

Rising hopes for lower interest burdens prompted further buying by Japanese corporate investors of large-capital issues such as Steels and Heavy Electric Machines, but Shipbuildings declined on profit-taking. European investors bought some of the Blue Chips like Precision Instruments and Light Electricals, along with a number of smaller-priced leaders. Banks, Oils, Foods and Coals were mostly higher, but Trading Houses, after Wednesday's strong rise, and Non-ferrous Metals were easier.

Kawasaki Steel put on Y5 to Y155, **Nippon Steel** Y3 to Y151, **Toshiba** Y5 to Y236 and **Mitsubishi Electric** Y4 to Y237. **Matsushita Electric** improved Y6 to Y858, **Canon** Y5 to Y870, **Minolta** Y29 to Y727, **Asahi Optical** Y10 to Y619, **Mitsubishi Bank** Y7 to Q465, **Nippon Oil** Y40 to Y1,410, **Pioneer Electronic** Y20 to Y2,420, **Victor** Y50 to Y2,690 and **Ajinomoto** Y27 to Y808, but **Sony** receded Y30 to Y3,120 and **Mitsui Shipbuilding** Y3 to Y187.

Closing prices for North America were not available for this edition.

Australia

The Minings sector and the recently buoyant Oil and Gas group turned sharply and broadly lower, dragged down by the weak Bullion price and a decline in most base metal prices, the heavy overnight shake-out on Wall Street and higher local Bond interest rates. However, the Industrials boards were no worse than mixed. The Australian All Ordinaries index dipped 9.5 to 718.4, Metals and Minerals 16.7 to 718.5 and Oil and Gas 33.4 to 970.1.

In the Oil and Gas group, **Woodside** lost 13 cents to A$3.22, **Santos** 40 cents to A$17.90 and **AOG** 14 cents to A$1.06, but **Strata Oil**, after sales down to A$3.60, rallied to A$3.84, limiting the day's decline to 11 cents.

Among Golds, **GMK** shed 20 cents to A$10.00, **Square Gold** 70 cents to A$2.70, **North Kalgurli** 12 cents to A$1.58, **Buddha** 15 cents to A$1.45 and **Poseidon** 10 cents to A$6.20.

BHP shed 15 cents to A$16.50, **CSR** 14 cents to A$7.36, **Western Mining** 14 cents to A$5.76, **CRA** 26 cents to A$5.90 and **Bougainville** 20 cents to A$1.80.

Several Industrials continued to make headway despite a 0.25 per cent rise in Government short-term Bond rates to 13.1 per cent, and **Amatil** put on 15 cents to A$2.40 following a profits improvement and bonus issue.

Hong Kong

Most shares suffered a sharp decline yesterday in fairly active trading following recent strength, with the Hang Seng index receding 40.52 to 1,570.04. Total turnover on the four exchanges came to HK$530.15m, a further decrease from Wednesday's HK$683.38m.

Heavy early selling was prompted by margin calls from the local Gold market and indications that U.S. interest rates may not have started a consistent fall as had been earlier expected. However, prices steadied soon after mid-session and picked up modestly on some rather lack-lustre buying to finish above the day's worst.

Cheung Kong and **Jardine Matheson** each fell HK$1.00 to HK$35.50 and HK$26.70 respectively. **HK Land** shed 80 cents to HK$23.80, **Hutchison Whampoa** 40 cents to HK$18.30, **HK Bank** 60 cents to HK$23.00 and **HK Wharf** 40 cents to HK$9.90.

Germany

Shares were mixed to lower after quiet trading. The Commerzbank index, after losing 7.9 on Wednesday, was 3.2 easier at 694.9.

Market observers were somewhat surprised that the market did not react a great deal to the sharp fall on Wall Street overnight and a downturn on local Bond markets.

However, some observers noted that selling was triggered on German Bourses on Wednesday by early reports that U.S. stock market adviser Joe Granville had advised his clients to sell heavily. Word of Granville's advice reached Europe before U.S. markets opened, allowing German operators to sell protectively.

Both Foreign and Domestic Bond markets were easier with Public Authority Bonds registering falls to 60 pfennigs.

Paris

Widespread falls occurred in moderate trading, reflecting Wall Street's overnight drop and pessimism expressed by French Premier Raymond Barre yesterday regarding the international economic outlook.

Johannesburg

Gold shares were sharply lower in quiet trading in line with the decline in the Bullion price. Heaviest falls were in **Harties** and **Randfontein**, down R5.50 apiece at R84.50 and R95.00 respectively, while **Blyvoors** dipped R1.85 to R19.40.

Mining Financials followed Golds, while Diamond leader **De Beers** lost 25 cents more to R10.55 ahead of the CSO diamond sales figures for 1980, due shortly.

NEW YORK

CANADA

Stock	Jan. 7	Jan. 6
Abitibi	24	24½
Agnico Eagle	17	17⅞
Alcan Alumin	40½	41
Algoma Steel	37¼	38¾
Asbestos	29½	30

BELGIUM (continued)

Jan. 8	Price Frs.	+ or —
Petrofina	5,000	+5
Royale Belge	4,450	—30
Soc Gen Banq	2,030	+5
Soc Gen Belge	1,170	+10
Sofina	2,925	....
Solvay	2,285	+25

HOLLAND

Jan. 8	Price Fls.	+ or —
ACF Holding	71	—1
Ahold	74	—1.5
AKZO	17.9	+0.2
ABN	383	—6
AMEV	94	—0.7

AUSTRALIA

Jan. 8	Price Aust. $	+ or —
ANZ Group	5.50	—0.10
Acrow Aust	0.96	....
Allstate Expl	1.90	—0.05
AmpolPet	1.75	....
Assoc.Pulp Pap	2.10	....
Audimco	0.25	—0.01

JAPAN (continued)

Jan. 8	Price Yen	+ or —
Kubota	360	—1
Kumagai	371	—1
Kyoto Ceramic	5,140	—60
Lion	525	....
Mcada Cons	485	....
Makita	949	—11

Indices

NEW YORK —DOW JONES

	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31	Dec. 30	1980/81 High	1980/81 Low	Since C'mpil't'n High	Since C'mpil't'n Low
♦Industr'ls	980.89	1004.69	992.66	972.78	963.99	952.03	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	65.08	64.65	64.33	65.93	65.68	63.41	78.51 (25/6)	60.96 (18/12)	—	—
Transport.	391.19	402.89	408.77	401.43	393.10	356.22	425.63 (28/11)	238.69 (27/3)	425.68 (28/11/80)	12.232 (8/7/32)
Utilities	115.19	117.16	117.91	115.12	114.42	114.20	117.91 (5/1/81)	95.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's†	92,890	67,400	58,710	28,[illegible]	41,210	39,750	—	—	—	—

♦Day's high 986.35 low 962.63

	Jan. 2	Dec. 26	Dec. 19	Year ago (approx)
Ind. div. yield %	5.59	5.65	5.82	6.03

STANDARD AND POORS

	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31	Dec. 30	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	153.45	157.02	156.85	155.10	154.45	154.04	160.96 (29/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	135.08	138.12	137.97	136.34	135.76	135.33	140.52 (28/11)	98.22 (13/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Dec. 31	Dec. 24	Dec. 17	Year ago (approx)
Ind. div. yield %	4.56	4.35	4.46	5.38
Ind. P/E Ratio	9.56	9.57	9.39	7.64
Long Gov. Bond Yield	11.86	11.75	12.57	10.16

N.Y.S.E. ALL COMMON

Jan. 7	Jan. 6	Jan. 5	Jan. 2	1980/81 High	1980/81 Low
77.29	79.14	79.08	78.26	81.02 (28/11)	55.30 (22/9)

Rises and Falls	Jan. 7	Jan. 6	Jan. 5
Issues Traded	1,941	1,953	1,971
Rises	216	1,045	1,330
Falls	1,560	643	431
Unchanged	165	265	210
New Highs	12	121	124
New Lows	26	1	6

MONTREAL

	Jan. 7	Jan. 6	Jan. 5	Jan. 2	1980/81 High	1980/81 Low
Industrials	368.87	375.09	375.13	371.44	425.80 (29/2)	323.51 (27/3)
Combined	331.48	357.75	356.06	353.54	378.86 (28/10)	286.80 (27/3)
TORONTO Composite	2265.3	2319.4	2307.1	2290.4	2402.2 (28/11)	1702.5 (27/3)

	Jan. 8	Jan. 7	Jan. 6	Jan. 5	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	718.4	727.9	728.5	717.8	746.2 (17/11)	509.1 (5/1/80)
Metal & Minrls. (1/1/80)	718.5	735.2	735.8	730.0	818.0 (17/11)	492.3 (28/5)
AUSTRIA Credit Aktien (2/1/62)	65.70	65.68	(c)	65.45	69.40 (7/1/80)	65.59 (19/8)
BELGIUM Belgian SE (31/12/63)	82.62	82.42	82.61	83.15	105.75 (11/2)	82.42 (7/1/81)
DENMARK Copenhagen SE (1/1/73)	97.14	98.07	98.08	98.80	98.35 (4/11)	74.78 (6/3)
FRANCE CAC General (29/12/61)	104.8	106.4	106.8	106.5	120.3 (6/11)	97.1 (3/1/80)
Ind Tendance (31/12/80)	96.1	97.1	98.2	96.8	100.0 (31/12/80)	96.1 (8/1/81)
GERMANY FAZ-Aktien (31/12/58)	224.25	225.29	228.13	223.45	238.89 (26/2)	212.75 (28/3)
Commerzbank(Dec.1953)	694.4	698.1	706.0	692.0	749.2 (25/2)	667.8 (27/3)
HOLLAND ANP-CBS General (1970)	86.4	87.4	87.6	86.5	88.3 (21/11)	74.0 (27/3)
ANP-CBS Indust. (1970)	65.0	65.7	65.6	64.1	68.2 (11/1/80)	58.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	1570.04	1610.56	1604.88	1598.91	1654.57 (13/11)	738.9 (19/8)
ITALY Banca Comm. Ital (1972)	174.57	173.61	173.38	174.65	188.18 (4/11)	85.11 (2/1/80)
JAPAN Dow Average (16/5/49)	7222.14	7200.77	7137.59	7159.95	7222.14 (8/1/81)	6475.95 (27/8)
Tokyo New SE (4/1/68)	503.03	501.01	496.25	495.79	503.03 (8/1/81)	449.01 (10/3)
NORWAY Oslo SE (1/1/72)	117.86	119.07	118.98	118.58	144.70 (14/2)	110.12 (26/8)
SINGAPORE Straits Times (1966)	682.48	687.36	671.29	681.85	721.70 (21/11)	429.75 (8/1/80)
SOUTH AFRICA Gold (1958)	(u)	797.8	809.5	784.4	1026.1 (22/9)	498.5 (18/3)
Industrial (1958)	(u)	608.7	602.3	597.4	660.5 (6/11)	456.8 (2/1/80)
SPAIN Madrid SE (30/12/80)	102.40	102.01	(c)	(c)	102.40 (8/1/81)	100.0 (30/12/80)
SWEDEN Jacobson & P. (1/1/58)	427.87	428.89	(c)	(u)	427.87 (8/1/81)	384.72 (17/1/80)
SWITZERLAND Swiss BankCpn.(31/12/58)	302.9	303.6	303.8	301.2	317.3 (11/2)	276.8 (28/8)
WORLD Capital Intl. (1/1/70)	—	160.6	162.8	161.7	164.8 (28/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
IBM	1,189,800	69⅝	—1⅞
Boeing	925,300	41⅜	—2½
LTV	959,700	19	—1⅞
Texaco	946,200	46⅛	—1⅛
General Motors	862,300	46⅛	—2⅞
Eastman Kodak	761,100	73¾	—2
Am. Tel. & Tel.	706,600	50⅝	—⅛
Mobil	659,700	78¼	—1⅛
Occidental Pet.	657,300	32	—1½
Gulf Oil	599,700	43	—1½

THE PROPERTY MARKET BY MICHAEL CASSELL

Fleming angry at last-minute delay

FLEMING PROPERTY Unit Trust's plans to redevelop one of York's prime shopping sites have been thrown into confusion with the decision by Mr. Michael Heseltine, Secretary for the Environment, to spot list some of the buildings involved.

The Coney Street site had been earmarked for a new Littlewoods store but after prolonged planning problems it went up for sale by tender last year. Fleming emerged from over 20 bidders as the successful purchaser for £4.2m and the deal was completed in December.

Plans for the site involve the development of three shop units, each providing around 5,000 sq. ft. of floorspace. The intention is to retain two Victorian buildings, which are not listed as being of any architectural interest, but to demolish two adjoining properties.

Trouble started when Fleming invited local archaeologists on site to look around and they discovered, in the properties due for demolition, Jacobean panelling and ornamental plaster work.

Events moved quickly and on new year's eve the Department of the Environment — which since the Firestone fiasco seems ready to slap an order on anything and ask questions afterwards — spot-listed the buildings concerned.

Local conservationists are delighted while York City Council, which had given written consent for the buildings concerned to be demolished, seems somewhat embarrassed. Fleming is, needless to say, extremely angry.

Mr. John Newman, Fleming's property investment manager, says the decision flies in the face of planning consent given in October prior to the site purchase and also contradicts an inspector's report which followed a 1975 public inquiry.

"We are in a real mess and are absolutely appalled that something like this can happen at this stage. This looks like a hopeless over-reaction on the part of Mr. Heseltine."

Fleming hopes that the emergency spot-listing can be lifted and is having discussions with the Department of the Environment. In the meantime, it is taking advice on the chances of a compensation claim should the block on building contine to delay its development programme.

A £1m building contract is hanging fire and interest charges are said to be mounting at the rate of £2,000 a day, although a speedy end to the standstill would mean delays had been minimal.

● The DoE this week published a consultative document on part two of the Ancient Monuments and Archaeological Areas Act 1979 which is expected to take effect late this year and which will give archaeologists the right to enter, survey and excavate sites and delay development — without compensation — for up to six months.

Hammerson: a long hard look

PERHAPS the most comprehensive attempt yet made to paint a detailed picture of Hammerson Property and Investment Trust, not always the most forthcoming of property companies, emerged this week in the form of a report from Laing and Cruickshank, the City brokers.

Some deep digging by John Atkins, Cruickshank's property analyst, has produced a document packed with information, observations and conclusions about the UK's third largest property group.

He reckons that Hammerson, whose shares have this week been hovering around the 600p mark, has a world-wide property portfolio (with 59½ per cent in the UK) valued at around £612m, equivalent to net assets of 815p a share. He believes his own figure is at the bottom end of the range and, although it may be higher than Hammerson is prepared to disclose, it has not apparently raised too many eyebrows at the Park Lane headquarters.

A notoriously conservative company, Hammerson's properties were down in the 1979 balance sheet at cost, amounting to £235.1m, although directors' valuations have thrown up an estimated book value of £398m.

According to Atkins: "Our detailed estimates suggest that the current value of Hammerson's portfolio is around £612m. This represents a surplus of £214m on the "book" value of the portfolio, comprising investment properties at directors valuations, undertaken between 1968 and 1979, and development properties at cost." The directors' valuations, he points out, are generally highly conservative and, with the exception of Woolgate House in the City, take no account of reversionary potential.

The Laing and Cruickshank analyst points out that with virtually all the group's investment properties overseas revalued in the last three years, over two-thirds of the suggested £214m surplus has arisen in the UK (£92.8m in respect of offices and £52.2m for shopping centres).

But in recommending Hammerson shares for both short and long-term capital appreciation, Atkins says his case does not rest simply on asset values, an approach which Mr. Sydney Mason, Hammerson's chairman, would no doubt support.

The circular points to prospective earnings growth at the top end of the industry range and says that they should—up until 1984—rise by an average of at least 20 per cent a year, largely on the back of rent reviews. A more progressive dividend policy should also see payments to shareholders rise in line with the trend in earnings.

Earnings could, it adds, increase even more rapidly because of the company's high revenue gearing and the fact that the brokers' forecasts assume no increases in current market rents.

The reclassification of some development properties as investments, which under Hammerson's accounting policies means their rental income will flow through to profits and earnings instead of being used to decapitalise development outgoings, will also boost the earnings picture.

A good example is the Brent Cross retail "flagship," which has made a healthy contribution to Hammerson's cash flow, not to mention the company's image, but which until now has done nothing for profits.

The circular suggests that all that is about to change, not least because of changes due as part of the sale and leasebck deal arranged in 1976 with Standard Life. The existing income-sharing arrangements—with the local authority taking a fixed ground rent—have never been spelled out but Atkins believes that from this year Hammerson becomes entitled to a 26 per cent share of the centre's net rental income, before the deduction of ground and other rents payable.

This appears to be a significantly smaller share than at present and there will in any case be less to divide up as the local authority this year begins to take 16 per cent of rent income. But the impact of rent reviews now due is at the end of the day likely to cancel out the change in leasehold interests and Atkins reckons that the combined effect of reviews and of reclassification as an investment will see Brent Cross contributing £1.2m to pre-tax profits in 1981, rising to £2.3m by 1984.

Laing and Cruickshank believes that Hammerson will be entitled to a higher percentage of any increase in income beyond 1981 and calculates that its interest in Brent Cross has a current value of about £24½m, representing a surplus of £19¼m on its estimated £5¼m book cost. Other outside estimates of the Hammerson interest range from £20m to over £50m.

As for its most important UK office investment, the value of Woolgate House in the City—revalued by the directors in 1979 at £75m against a book cost of £22.8m—is put by Atkins at about £83½m and he says the next "logical step" would be the granting of a single, five-year review lease to Chase Manhattan, the sole tenant. Chase seems keen but Sydney Mason is not so sure.

Among the other Hammerson "plus" points picked out by the document, the group's above-average overseas content is given considerable attention. Foreign properties, centred on Australia, New Zealand and the U.S., contributed 48 per cent to 1979 net rental income and the brokers say that such exposure can provide a good hedge against sterling. It goes on, however, to point out that net rental income for the group has risen by less than 5 per cent over the past three years, largely because of a 7 per cent fall in income from overseas properties brought about by the recent strength of the pound.

The prospects for Hammerson's Australian activities (22 per cent of portfolio value) are seen as being particularly bright and Atkins has unearthed proposals for seven new schemes down under. Plans are also drawn up for two new schemes in Canada—not including Bow Valley Square which will rival Woolgate House as the group's largest single investment—and one in the U.S.

Bankers Trust takes Barclays' space

BANKERS TRUST is to take all the space in Dashwood House, Old Broad Street, City, the 110,000 sq ft office building formerly occupied by Barclays Bank.

The lease on the building, which was developed by City of London Real Property, expires in March 2020 and there was a rent review last year. No details of the transaction have been released but it involved a premium deal of substantial proportions which is thought to have equaled to a near-record rent level for the City.

Bankers Trust will begin moving staff from its various London offices — including those employed by Bankers Trust International—in the second quarter of the year.

● Denning House, the St. Martins Property Corporation 33,650 sq ft office building at Chancery Lane WC2 has been let to Denton Hall and Burgin, solicitors, at close to the asking rent of £500,000 a year. Weatherall Green & Smith acted for St. Martins and Alan Hood represented the tenants.

● Boskalis Keys, a joint venture company formed by Boskalis Westminster and Chantry Keys, the Birmingham-based development company, are to develop a £6.5m shopping scheme in Ipswich. They will be joined by the Merchant Navy Officers' Pension Fund which recently purchased the freehold site in Tavern Street, the former Debenhams store. Boskalis Keys, which also tendered for the troublesome Coney Street site in York, was advised by Herring Son and Daw and the pension fund was represented by George Trollope.

● Trafalgar House Developments has sold the freehold of the first phase of its Ashford industrial estate near Heathrow airport for close to £2.4m. The 53,500 sq ft phase, consisting mainly of nursery units, was purchased by pension fund clients of Knight Frank and Rutley. Duncan Cons acted for Trafalgar House.

● Murano Glass has taken 5,250 sq ft of ground floor space in Chapell's at 49 New Bond Street, W1. A commencing rental of £100,000 a year has been agreed on a new 25-year lease. Donaldsons advised Murano and landlords Polygram Leisure were represented by Healey and Baker and Robert Jackman.

● Central London rents are now at well under half their 1973 levels in real terms and with supply well down the prospects for short-term growth are very high, according to Tim Simon of Savills. Prime City banking space could, he says in the agents' annual review, be topping £30 a sq ft within the next 18 months.

THE PROPERTY MARKET

Quilters head for hat-trick

MY THANKS to the many individuals and teams who found time over the holidays to try the property quiz, the answers to which appear below.

A special prize for "most anonymous civil servant of 1980" goes to Sir Robert Cox of the Property Services Agency, the subject of the first picture clue and the man no entrant recognised. The magnum of champagne goes, however, for the second year running—but only by a corks length from Hoare Govett, Weatherall Green & Smith and the Pru's surveying team—to Narish Gudka and Will Martin of Quilter Hilton Goodison. A third win will bring the two gentlemen a bigger bottle (and a pay rise?).

1—London Trust in buying part of Bloomsbury Estate.

2—Costain in buying County & District Properties.

3—Richard Ellis in marketing an office block in China.

4—Trafalgar House pulled down the Firestone factory facade before it was listed.

5—Bredero, whose plans for Hammersmith Broadway were criticised by a planning inspector.

6—Lonrho, a House of Fraser shareholder, objected to the planned sale of D. H. Evans in Oxford Street.

7—British Land.

8—Hill Samuel.

9—Greycoat London Estates is building an air-rail terminal over Victoria Station.

10—Costain sold its shareholding.

11—British Anzani.

12—The Crown Estate is developing 217,000 sq ft of office space close to Vauxhall Bridge, to be occupied by the police.

13—The Merchant Taylor's company sold the freehold of Woolgate House to Hammerson. (A typographical error put the cost at £½m and not £1½m. Apologies for any confusion.)

14—Their pension fund is developing a £100m scheme with Heron.

15—BP is purchasing the Trafalgar-Whitbread Chiswell Street complex.

16—Burtons objected to the siting of an escalator in the new MEPC development in Oxford Street.

17—The Sea Containers "Kings Reach" hotel complex, empty since construction in 1976.

18—Royal Insurance, by paying £21.5m for 10 Tesco supermarkets.

19—They were both suspended from their posts as investment managers with Electricity Supply Nominees and later left on full retirement benefit.

20—Monkspath Hall.

21—The Property Agents Computer Team.

22—The seven enterprise zones were: Inner Belfast, Swansea Valley, Clydebank, parts of Newcastle and Gateshead, Speke in Liverpool, parts of Salford Docks and Trafford Park, Manchester, Isle of Dogs, London.

23—Abbey National Building Society.

24—The Daily Telegraph. (News International—a popular answer—is in Bouverie Street, not Fleet Street, the "street of ink").

25—By publishing, as the Property Advisory Group, a bearish forecast for the office property market after the recession.

26—British Land, by selling the Denham studio development site to the National Water Council Superannuation Fund.

27—Hammerson sold its interest in Dutch group BOZ. Between them they owned Amsterdam's Rivier-Staete building, known locally as Openrots or "monkey rock."

28—Ranks Hovis McDougall sold their former Rivermill House headquarters at Vauxhall Bridge.

29—Land Securities.

30—The Prudential is developing an office scheme next to its Holborn headquarters.

31—Slough Estates is building a shopping centre at Riverview, a Chicago suburb.

32—John Heddle MP.

33—Office Employment in London.

34—Jim Slater, via Laganvale Estates, a Belfast-based property group.

35—As chairman of St. Martins Industrial, he is planning to redevelop the Tooley Street Estate.

Picture answers: (a) Sir Robert Cox, chairman of the PSA, who sold the Effra site—being used as a lorry park, to Ronnie Lyons' Arunbridge. (b) Mr. Bobby Dashwood, who retired as managing director of British Rail Property Board. (c) The Kiln House, New Kings Road. Capital and Counties. (d) Mr. Nigel Broackes, chairman of the Urban Development Corporation for London's dockland. (e) NIOC House. It was considered too close to the House of Commons to be occupied by the Iranian Embassy.

OUT NOW !

PROPERTY MONTHLY REVIEW

The latest issue of PMR, the property journal for the Business Man, contains:

● MAN OF THE MONTH: Lord Carr, Chairman of Prudential Assurance, talks to PMR about their investment strategy, which comprises an outlay daily of about £3 million, of which about one third is invested in property; and of the way the Pru is helping small entrepreneurs through the Ranford Scheme, and by underwriting new technological developments.

● MICHAEL HESELTINE MP, the Environment Secretary, in "In my View" outlines the government's strategy in respect of local government spending, and the ways in which relaxation of controls over factory extensions, change of use for small industrial premises etc. will help the private sector.

● THE SPECIAL REVIEW OF THE WEST MIDLANDS covers developments and trends not only in Birmingham itself but also in West Bromwich, Wolverhampton, Walsall, Coventry, Redditch, and other areas of Warwickshire, Worcestershire, Staffordshire and Shropshire which are affected by the pull of Birmingham and the Black Country.

● IN SUSSEX IN FOCUS, we look at the effects of the growing importance of Gatwick, and its effect on other West and East Sussex towns, from Chichester to Eastbourne, and even more strongly to the Mid-Sussex towns of Crawley, Haywards Heath and Horsham.

● SUCCESS STORY: We look at the continuing progress, on both sides of the Irish Sea, of the Irish industrial developers, The Rohan Group.

● ALSO IN THIS ISSUE:— the changing role of the English Industrial Estates Corporation: The effect of the opening of the Gibraltar frontier on villa and other property in Southern Spain; Glasgow, Edinburgh and Aberdeen property prospects contrasted in the Scotland File.

● PLUS of course all the latest news and views on commercial, industrial, shop and residential property, land and investments.

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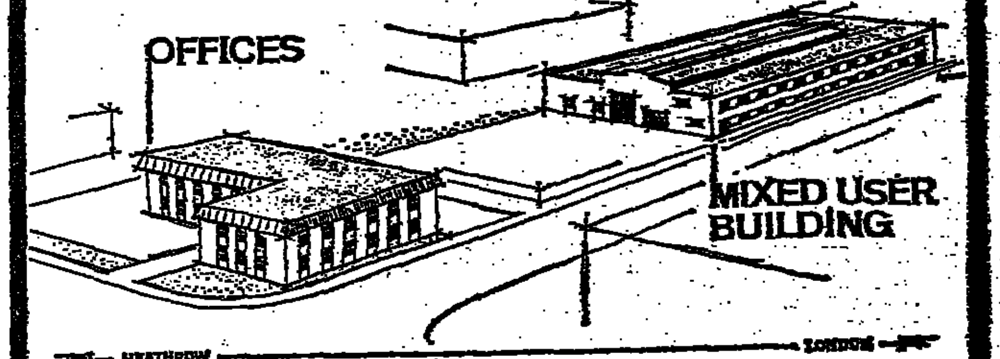

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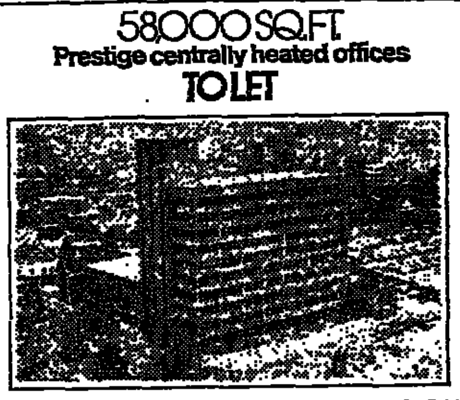

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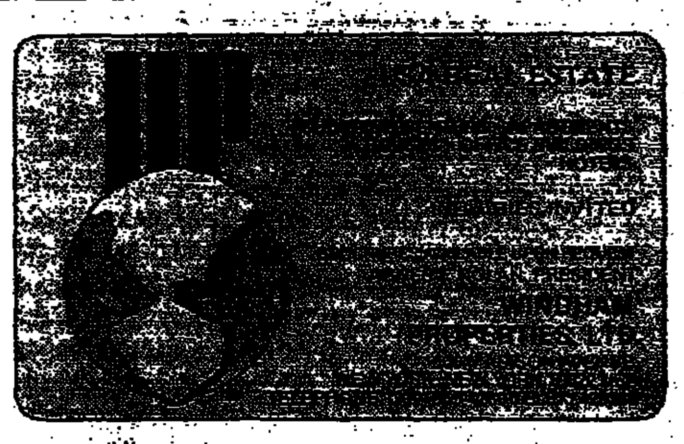

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COMMODITIES AND AGRICULTURE

U.S. Mint studies zinc coin

THE U.S. one-cent piece (commonly called the penny) may be made mainly of zinc instead of copper if the U.S. Bureau of the Mint gets its way.

Mint plans leaked in Washington call for the striking of zinc pennies which would be plated with copper. The U.S. penny currently is composed of 95 per cent copper and 5 per cent zinc. The new penny would be virtually all zinc with a minute quantity of copper in the plating.

The Congressional banking sub-committee is studying the zinc penny idea together with a Mint report on alternative metals for penny coinage.

Recent forecasts have suggested that both copper and zinc will be plentiful during the 1980s because of new mine capacity being developed and the extent of proven ore resources. On the London Metal Exchange yesterday the cash price for copper was £794.50 a tonne and the cash price for zinc £330.75 a tonne.

Tungsten producers to meet

BANGKOK — Sixteen tungsten-producing countries will hold their first meeting in Chiang Mai, Thailand, on March 5 and 6 to discuss efforts to stabilise the world tungsten price, the mineral resources department said.

The department, which will represent Thailand at the meeting, said participants will also exchange views and data on their tungsten production.
Reuter

Maize aid for Kenya

By John Worrall in Nairobi

KENYA is being sent another 70,000 tonnes of maize by the U.S. to alleviate the present serious food shortage. The maize is part of the foodgrain assistance negotiated in the U.S. last February by President Moi. The maize is due to arrive in Kenya in February or March.

A commodity sales agreement for $11m has been signed between the U.S. and Kenya to formalise the shipments of the maize. It will be repaid by Kenya on concessionary terms over a period of 40 years.

Kenya has had a poor maize harvest mainly due to rain failures in the important maize areas of the Rift valley.

UK grain 'mountain' reaches record

BY RICHARD MOONEY

BRITAIN'S CEREALS "mountain" ended 1980 at a record level.

The stockpile, built up as a result of depressed world prices which were well below EEC support levels, grew to 620,500 tonnes, an official at the UK Intervention Board for Agricultural Produce said yesterday. The Board is the body which operates the EEC intervention buying system in the UK.

Barley accounted for most of the mountain, with stocks standing at 529,000 tonnes. In addition, intervention stores ended the year holding 88,000 tonnes of bread-making wheat, 3,200 tonnes of animal feed wheat and 300 tonnes of rye. At the beginning of 1980 they held only 100 tonnes of barley and 300 tonnes of wheat.

Prices, partly resulting from the U.S. embargo on grain shipments to the USSR because of its military intervention in Afghanistan, a move that was supported by the EEC, were £10 or more below EEC support prices for much of the season making it more profitable for farmers to sell their produce into intervention than on the open market. And they had bumper crops to dispose of. The total British cereals harvest was at a record level of more than 19m tonnes.

The weight of intervention offers forced the Board to hire extra storage space and to employ additional teams of testers to make sure the grain offered was up to EEC grading standards.

Britain was not alone, however. Intervention stocks in the EEC as a whole are estimated to have trebled in 1980 to nearly 6m tonnes.

The total store is likely to be reduced when subsidised sales of EEC barley are made to Poland under an EEC food aid programme. It is thought Britain could provide up to 300,000 tonnes for this purpose. Normal commercial exports to other countries are likely to reduce the total still further.

In Washington Bills to end the grain embargo and to set up a national grain board were among the first agricultural Bills introduced in the new Congressional session, reports Reuter.

Senator Quentin Burdick introduced legislation rescinding the embargo on grain sales to the USSR immediately.

Congressman Robert Roe introduced a measure to establish a national grain board administered by the U.S. Agriculture Department's commodity credit corporation.

The goal of the board would be to provide the highest possible grain prices in foreign markets for U.S. producers. It would also provide price and supply stability in domestic markets, the bill said.

An identical measure calling for an end to the embargo was introduced in the last session of Congress but it was never voted upon. The Senate passed an appropriations amendment cutting off funds for the embargo, but it was defeated in the house.

The house agriculture committee held hearings last year, and did not pass a similar measure designed to establish a grain board.

Meanwhile the U.S. National Wheatgrowers Association said U.S. wheat supplies now and in future will be more than enough to allow for substantial sales to the USSR if President-Elect Ronald Reagan lifts the grain embargo.

The U.S. has at least 45m tonnes of wheat in commercial positions ready for sale and 10m held by farmers and the government under reserve programmes.

● Grain traders said the EEC Commission authorised the export of 75,000 tonnes of barley to the Soviet Union at up to a maximum export rebate of 27.00 European currency units (ECUs) per tonne at its tender yesterday.

The Commission also authorised 24,000 tonnes for the Mediterranean, Scandinavian, South and Central American, African and the Middle Eastern group of countries at up to a maximum rebate of 32.000 ECUs.

Sharp rise in Paris sugar trade

PARIS—White sugar futures turnover on the Paris Commodities Bourse last year rose 243 per cent to 15.8m tonnes in 315,334 contracts of 50 tonnes each from 90,901 contracts totalling 4.5m tonnes in 1979, M. Michel Wiart, president of the Bourse Commissioners Association, said.

The sugar market again dominated the Bourse last year with futures turnover for robusta coffee falling 54 per cent to 145,700 tonnes and cocoa beans 75 per cent lower at 46,230 tonnes.

M. Wiart said turnover in value on all three Paris futures markets rose to over FFr 50bn (of which sugar accounted for FFr 48bn) last year from FFr 13bn in 1979.

The French Government is currently examining proposals to reorganise the existing Paris futures markets, simplify their operations, and make them more attractive to private investors.

But there is thought to be little chance that a new law reorganising the markets can be passed by parliament before the Presidential election in May.

The reform would also involve banks more in the Paris commodities markets. M. Wiart said the Commission is also studying the possibility of opening a futures market for beef, but nothing will happen on this for some time.

Michael Goldsmith, commission director, said there is no immediate prospect of opening an EEC cereals futures market in Paris or a national French market for barley futures.

The French treasury has just given some French companies permission to cover their positions in EEC cereals levies and subsidies against matching positions on international markets.

However, M. Goldschmidt pointed out that French operators are still not allowed to make forward purchases of currencies to cover their commodity futures positions and this is inhibiting the development of new markets.—Reuter

● Value of contracts traded on the London "soft" (non-metals) commodity futures markets last year rose to £58.7bn (not 58.7m as stated yesterday) in 1980 from £31.9bn in 1979.

The commodity markets figure, which does not include metals traded in London, has to be doubled in order to compare with Stock Exchange turnover, which comprises both sides of all transaction (i.e., purchases and sales). Stock Exchange turnover last year was a record £199.1bn, of which gilts accounted for 75 per cent and equities £33.4bn.

Market lows for cocoa

By Our Commodities Editor

COCOA prices fell to life-of-contract lows on the London futures market yesterday. The May position closed £5 lower at £891.5 a tonne.

Dealers said that the decline was a continuation of the depressed conditions in the market, with selling by producing countries failing to attract consumer interest. Speculative activity has been reduced to a low ebb, although some chartist selling was reported to have been triggered off by the recent fall in precious metals and sugar.

Current market prices are well below the minimum price level of 110 cents a pound set under the proposed new International Cocoa Agreement.

But if the Ivory Coast maintains its refusal to join, then the pact will not come into operation, unless the rules are changed.

The Ivory Coast president this week repeated his view that his country would not be prepared to ratify the agreement under its present terms. It also seems very unlikely that the new U.S. Administration, under President Reagan, will modify its opposition to the proposed agreement.

Outbreak of coffee rust

GUATEMALA CITY—Coffee rust has been found in five plantations in the department of Suchitepequez, 50 miles south-west from the capital, the president of the national coffee association said.

S. Enrique Roesch said that the discovery of coffee rust was of some significance because the disease had been spotted in the main coffee production centre of the country.

Coffee rust has previously been found in a number of plantations in Jutiapa, south-east of the country, and Zicapa and Izabal, in the north-west, where groups of experts are fighting the plague.

Last week, the Government said an unidentified aircraft had dropped rust fungus infected leaves on several plantations in Shuchitepequez and blamed the action on left wing guerrillas determined to provoke chaos.

Coffe is Guatemala's main money earner. This year's crop is estimated at 3.4m 60-kilo bags.

EEC FEED IMPORTS
Shifting the burden of surpluses

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AMONG THE suggestions being made for the control of EEC surpluses are a number which could, while perhaps materially reducing the costs of surplus disposal, simply load them on to the public or other sectors of the farming industry.

The record harvest in the Community last year with the consequent need for subsidised export of wheat and barley has brought renewed demands for action to be taken to reduce the amount of what are called cereal substitutes which enter the Community at low or nil tariffs. These include manioc (tapioca), and the by-products of milling and other cereal processing, such as wheat feeds and maize gluten.

The theory behind this policy would be that instead of using these cheaper imports, Community farmers would have to buy cereals from within the EEC at the full price or else pay a levy on all these imports to bring their cost to the same as imported cereals. These bear a levy sufficient to price them at the same level as Community supplies.

Manioc is a particularly difficult case because being a product of the developing world, mainly Thailand, any raising of its present levy above that of 6 per cent under a GATT ruling would give rise to objection. The Commission, though, has secured agreement from Thailand to restrict imports to about 5m tonnes annually. They reached 6m tonnes in 1978. The Dutch and West Germans, who practically dominate the importation of manioc, are understandably hostile to more than a token reduction in supplies.

Of even more concern is the question of soya imports, either as oil or as whole beans or the meal residues after crushing. Take the meal first: It is a highly valued protein animal feed and it is very fortunate for the intensive livestock industries of the western world that the virtual collapse of the Peruvian fishmeal industries—the reasons for which are not yet fully understood — was followed by an enormous expansion of soyabean cultivation particularly in the U.S.

Soyameal is now included in most livestock rations and is singled out by those who wish to reduce the milk surpluses as one of the prime causes of over-production. Only cut soyameal supplies, they claim, and these surpluses will vanish as farmers would not be able to pay the higher prices.

This is a dubious argument. French dairy farmers who are the main cause of recent production increases are in fact among the lowest users of compounds in the Community. But other sections would be very badly hit indeed. Soyameal is a vital ingredient in pig rations and any increase in price would be resented by pig farmers who do not get the support of the Community in anything like the same degree as do dairymen.

In fact a tax was imposed on soyameal a few years ago in an attempt to induce the use of skimmed milk powder as an alternative feed. This measure upset pig farmers and did little for the sale of skimmed milk powder, which is a more costly protein feed especially for pigs.

But the attack on soya is only part of a strategy which is designed eventually to substitute EEC-grown oils and fats for those at present imported. The Community has a large deficit in oil seeds, as it has in vegetable proteins, and the price of rapeseed is already guaranteed at a level well above that on the world market by means of a deficiency payment, as is the price of other oil seeds, particularly sunflowers.

Unfortunately for the success of this theory, the expansion of oil seed production in the EEC is unlikely for technical reasons. There are disease problems with rapeseed, and the sunflower crop is likely to become significant when Spain joins the EEC. But it is difficult to see very significant expansion under present pricing of alternative crops.

EEC dairy interests are also backing some attack on soya, together with other imported edible oils. The argument here is that much of the problem in the butter market is caused by the increasing popularity of margarine, which is much more cheaply priced than butter, and this price disparity is increasing. If all edible oils and seeds were to be taxed on importation, this would increase the cost of margarine to that of butter and, say the protagonists of this proposition, most people would be prepared to switch to butter.

The Council Ministers would be unlikely to adopt this as one of the solutions of the dairy surplus in the near future. But some attempt to interfere with the low-cost importation of both cereal substitutes and oilseeds is likely before long.

New fish industry policy urged

BY OUR COMMODITIES STAFF

THE GOVERNMENT should impose restrictions on the entry of further vessels into the British fishing industry, Mr. Charles Meek, chairman of the White Fish Authority, said.

In his review of 1980, Mr. Meek said this was the only policy which could ensure effective conservation of fish stocks. Quota restrictions alone could not achieve this, he declared.

He said there was a lesson to be learned from the length of time it was taking herring stocks to recover from previous "disastrous" overfishing. But he again expressed concern over the "prodigal" way in which the western mackerel stock had been exploited.

Last year was a bad one for most people in the fishing industry with the rise in export volume being the only bright spot, Mr. Meek said.

He described the drive by exporters, in spite of the high cost on money and the strength of sterling, as admirable. "Unit profits of exporters were smaller but they are to be congratulated on achieving a high turnover," the WFA chairman stated.

Fishermen experienced really hard times and those who invested in expensive fishing vessels suffered worst, he said.

Wholesalers, fish friers and fishmongers had been forced to trade in imported fish to meet the needs of their customers.

Mr. Meek said it was vitally important that close attention be paid to quality, grading, pre-

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. After opening at £815 forward metal dipped to £811 owing to short selling and the further decline in gold. This level attracted good trade buying, however, and three months rallied thereafter to touch £818 before closing the late Kerb at £815.5. Turnover: 10,900 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £794, three months £815, 16, 17, 16.5, 16. Cathodes, cash £776, three months £796. Kerb: Wirebars, three months £818. Afternoon: Wirebars, three months £816, 15, 14, 15, 16, 16.5, 16. Cathodes, cash £775. Kerb: Wirebars, three months £818, 17, 16.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	794-.5	−2.5	794-5	+4.5
3 months	816-.5	−5.25	815.5-6.5	+2.5
Settlem't	794.5	−3	—	
Cathodes				
Cash	775.5	−4	774.5	+1.5
3 months	796-7	−6	795-6	−1
Settlem't	776	−4	—	
U.S. Prod	—		*85.75-88.2	.....

TIN—Moved narrowly in quiet and routine trading with forward standard metal closing the late Kerb at £6,342.5. Turnover: 1,280 tonnes.

Morning: Standard, cash £6,240, three months £6,350, 55. High Grade, three months £6,355. Afternoon: Standard, three months £6,350, 45, 40.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6235-45	+2.5	6235-45	+2.5
3 months	6355-60	.....	6350-60	+2.5
Settlem't	6245	−5	—	.....
Standard				
Cash	6235-40	+2.5	6235-40	.....
3 months	6345-50	−3.5	6340-50	.....
Settlem't	6235	+5	—	.....
Straits E.	†$32.78	−0.15	—	.....
New York	—	.....		

LEAD—Firmer. Forward metal came under pressure in early trading as renewed hedge selling and stop-loss selling depressed the price from £325 to £316. However, in the morning Rings the market rallied well and this trend continued in the afternoon with three months touching £328 before closing the late Kerb at £324. Turnover: 14,325 tonnes.

Morning: Cash £312, three months £320, 22, 24, 22.5, 24. Kerb: Three months £323.5, 24, 25. Afternoon: three months £323.5, 22.5, 22, 23, 24, 24.5, 25, 24.5, 26, 26.5, 27. Kerb: Three months £325, 27, 28, 27, 26, 25, 24.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	311-2	−3.75	314.5-5.5	+5.5
3 months	323-.5	−3.25	326-7	+5.25
S'ment	312	−3.5	—	.....
U.S. Spot	—	.....	*37.43	.....

ZINC—Held steady in quiet trading with forward metal closing the late Kerb at £343.5. Turnover: 7,475 tonnes.

Morning: Three months £342, 43, 43.5, 44.5, 45. Kerb: Three months £344.5, 44, 44.5. Afternoon: Cash £332, three months £344.5, 44, 43, 44, 43.5, 44. Kerb: Three months £343.5.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	331.5-2.5	−1.5	330.5-1	−.25
3 months	344.5-5	−1	343.5-4	+.25
S'ment	332.5	−1.5	—	.....
Primw'ts	—	.....	*41.5	.....

ALUMINIUM — Unchanged in extremely quiet trading which saw forward metal close at £626.5. Turnover: 5,925 tonnes.

Morning: Cash £607, 6.5, 7, three months £624, 24.5, 25, 27, 26. Kerb: Three months £626. Afternoon: Three months £625, 24, 25. Kerb: Three months £626.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	606.5-7	−3.25	605-6	−1
3 months	626-.5	−1.75	624.5-5.5	.....

NICKEL—Edged higher in routine trading with three months closing the late Kerb at £2,700. Turnover: 158 tonnes.

Morning: Three months £2,695. Afternoon: Cash £2,735, three months £2,700.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2750-70	+1.5	2750-40	+25
3 months	2695-70	−5	2700-5	−15

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 11.55p an ounce lower for spot delivery in the London bullion market yesterday at 641.15p. U.S. cent equivalents of the fixing levels were: spot $15.40, down 40c; three-month $16.059, down 42.7c; six-month $16.73, down 39.3c; and 12-month $17.829, down 39.7c. The metal opened at 638p-645p ($15.3-$15.5) and closed at 640p-649p ($15.4-$15.6).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	641.15p	−11.5	[illegible]	[illegible]
3 months	663.65p	−11.5	[illegible]	[illegible]
6 months	688.90p	−15.5		
12months	733.40p	−15.5		

LME—Turnover 125 (154) lots of 10,000 ounces. Morning: three months 664, 63, 62. Kerbs: three months [illegible]. Afternoon: three months 66[illegible]. Kerbs: three months 670. [illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to six tonnes, bringing the total for the week so far to 51 tonnes. Minor purchases were recorded, but the call for supplies was extremely limited. A few isolated inquiries were received for American-type qualities, but the offtake was uneven.

COCOA

In fairly active conditions cocoa futures eased to new life of contract lows before rallying, to end the day at levels £5 below Wednesday evening, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	863-864	−8.0	870-855
May	891-892	−5.0	895-885
July	912-913	−7.0	918-909
Sept	935-936	−4.5	940-930
Dec	962-963	−3.0	965-958
March	983-987	−3.5	—
May	998-1010	−3.5	—

Sales: 2,538 (2,750) lots of 10 tonnes.

ICCO FUTURES—Daily price for Jan. 7 95.95 (97.54). 10-day average 97.22 (97.17). 15-day average 96.45 (96.31).

COFFEE

After early gains of £5 prices remained locked in the recent range, reports Drexel Burnham Lambert. Volume was thin but the day's turnover was inflated by self trades of 800 lots. A quiet New York market offered very little fresh incentive but the trading range was slightly extended in mixed activity.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1008-10	+0.5	1011-05
March	1030-31	−2.0	1038-29
May	1042-43	−1.0	1048-38
July	1052-53	−8.0	1058-50
Sept	1058-60	−4.5	1065-55
Nov	1060-62	−1.0	1065-55
Jan.	1060-73	−3.0	—

Sales: 2,244 (2,324) lots of 5 tonnes.

ICO Indicator prices for January 7 (U.S. cents per pound). Other Mild Arabicas 129.33 (130.17). Robustas ICA 1976 122.75 (123.00). ICA 1968 123.00 (123.25). Unwashed Arabicas 220.00 (218.25). Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crops opened higher, but after some initial strength values eased. At 20p lower buyers rallied wheat and values held steady throughout the day with good demand seen for January to close steady 5p lower to 20p up on January. Barleys lso saw good buying interest in the spot which closed 20p up, the distants held steady to close unchanged to 5p higher. New crop barley gained 15p with good demand for September, wheat saw selling pressure and values eased 20p on lack of buying support, reports Acli.

WHEAT M'nth	Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Jan.	103.70	−0.05	96.70	+0.20
Mar.	106.95	.....	98.90	+0.05
May	110.95	−0.05	102.95	.....
July	115.05	−0.05	—	.....
Sept.	101.10	−0.20	98.15	+0.15
Nov.	105.10	−0.25	99.65	+0.10

Business done—Wheat: Jan. 103.65-[illegible]. [illegible]

[illegible]

RUBBER

The London physical market opened about unchanged with good interest throughout the day closing on a steady note. Lewis and Peat reported a fob February price for No. 1 RSS in Kuala Lumpur of 305.75 (304) cents a kg and SMR 20 at 259 (258) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Feb.	59.00-59.20	58.40-58.70	59.10-59.00
Mar.	60.50-61.00	58.70-59.80	—
Apr-Jne	65.40-65.50	61.70-61.80	63.50-61.50
Jly-Sept	66.40-66.50	64.70-64.90	66.50-65.40
Oct-Dec	69.50-69.60	67.60-66.00	69.60-69.20
Jan-Mar	72.50-72.60	71.00-71.30	72.60-71.30
Apl-Jne	75.40-75.50	74.00-74.10	75.60-75.50
Jly-Sept	78.50-78.60	76.90-77.30	78.80-77.60
Oct-Dec	81.40-81.50	79.90-80.20	81.50-80.90

Sales: 396 (289) at 15 tonnes, 20 (72) at 5 tonnes. Physical closing prices (buyer) were: Spot 58.00p (57.00p). Feb. 61.75p (60.50p). March 62.50p (61.25p).

SOYABEAN MEAL

The London market opened unchanged and drifted slightly before finding trade support, reports T. G. Roddick. During the afternoon the market continued to firm particularly in nearby months with strong trade buying closing with gains of £1-£1.50.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	155.00-55.5	−1.95	153.00-151.00
April	157.00-37.1	+1.35	137.00-155.50
June	158.40-59.0	+1.05	158.00
August	139.50-41.0	−0.50	140.00
October	151.50-51.7	−0.85	151.60-151.20
December	151.00-55.0	+0.75	—
February	132.00-55.0	−1.0	—

Sales: 213 (125) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £307.00 (£315.00) a tonne cif for Jan.-Feb. shipments. White sugar daily price was £328.00 (£327.00).

The market opened lower and quickly lost ground as aggressive selling found little support until losses of some £7 had been recorded from the first traded levels. Thereafter fluctuations were contained within a narrow range until mid afternoon when March traded down to £312.50 compared to the opening level of £324. Final prices were some £3.50 above the lows, reports C. Czarnikow.

No. 4 Contract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
[illegible]	[illegible]	[illegible]	[illegible]

Sales: 8,941 (7,683) lots of 50 tonnes. [illegible]

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 7: Daily price 31.10 (31.57); 15-day average 29.77 (29.30).

WOOL FUTURES

SYDNEY GREASY WOOL—[illegible]

LONDON NEW ZEALAND CROSSBREDS—[illegible]

POTATOES

LONDON POTATO FUTURES—Most interest centred on April, with values falling over £1 before attracting profit-taking and chartist buying, which firmed prices towards the close, reports [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 8 1981	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN MARKETS

THE LIVESTOCK complex finished substantially lower on increased country runs and slaughter. Precious metals came under pressure as the recent decline in interest rates came to a halt. Absence of new demand and weakness in precious metals depressed copper prices. Steady long liquidation has maintained massive pressure on sugar. Cotton advanced moderately on trade support. Producer selling was a main feature in a lustless cocoa market and [illegible]

[illegible]

EUROPEAN MARKETS

[illegible]

INDICES

FINANCIAL TIMES

Jan. 7	Jan. 6	Month ago	Year ago
262.99	265.02	256.11	261.66

(Base: July 1, 1952=100)

MOODY'S

Jan. 7	Month ago	Year ago
1231.9	1241.6	1336.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 7	Jan. 6	Month ago	Year ago
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Average 1924-25-26=100)

REUTERS

Jan. 8	Jan. 7	M'nth ago	Year ago
1730.5	1757.3	1695.6	1661.4

(Base: September 18, 1931=100)

COMPANY NOTICES

Notice to holders of the Bonds

Inchcape (Bermuda) Limited
U.S.$40,000,000
8% Convertible Guaranteed Bonds 1995
guaranteed by
INCHCAPE & CO. LIMITED

NOTICE is hereby given, in accordance with Condition 13 and pursuant to clause 15(2) (q) of the Trust Deed dated 29th August, 1980 constituting the above Bonds, to all holders of the Bonds that the right to convert the Bonds into fully paid registered Ordinary Shares of £1 each of Inchcape & Co. Limited arises on and after 15th February, 1981 up to and including 15th July, 1995. The conversion price of each such Ordinary Share as at 8th January, 1981 is 455p with a rate of exchange of U.S. $2.3565 to £1.

SPARBANKERNAS BANK
US$30,000,000 8¾% Bonds 1978 (79-88)

NOTICE IS HEREBY GIVEN that pursuant to paragraph 4 of the terms and conditions the minimum rate in the amount of U.S.$3,000,000 for redemption as per January 15, 1981 will be withdrawn from the Sinking Fund. Therefore, a drawing by lot of bonds will not be effected this year.

The outstanding amount after redemption as per January 15, 1981 will be U.S.$21,300,000.

SPARBANKERNAS BANK
Stockholm,
December, 1980.

LONDON STOCK EXCHANGE

Equity leaders rally progressively after early fall
Public sector pay uncertainties affect Gilt-edged

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 13

* "New time" dealings may take place from 9 am two business days earlier.

Opposition to public sector pay limits and the threat of a national seamen's strike next Monday allied to Wall Street's biggest one-day slump in living memory put London stock markets on the defensive from the opening yesterday. In anticipation of fresh selling, equity dealers marked leading shares several pence lower. To their relief, little stock came on offer after the weakness of the previous three trading sessions and values began to improve.

Tentative at first and largely reflecting the closure of Account bear positions, the rally gathered momentum following the later re-appearance of genuine investment buyers for good-quality industrials coupled with an improved tone in recently depressed Electricals and Oils. The combination was encouraging and the feel of the market later in the afternoon gave rise to hopes of the upturn being extended today. Down 5.1 at the first two calculations, the FT Industrial Ordinary share index recovered progressively to close only 0.9 lower on the day at 459.3.

The public sector pay uncertainties continued to trouble a rather sensitive Gilt-edged market. Early selling, some of which was for cash, forced medium and longer quotations down ¾ before a recovery began to develop. Despite the lower pound, the improvement held for some while before renewed offerings late in the afternoon caused a return to the day's lowest; after the official close, the market showed signs of hardening again but the rally was small.

Banks dip and rally

The new long tap stock, **Exchequer** 12¼ per cent 1999 "B," made an uninspiring debut; opening at ⅜ discount in £20-paid form, the stock fluctuated between ½ and ¼ discount prior to reverting to the opening level of ⅜ discount, or 19⅝. Shorter maturities were more resilient and finally reduced losses extending to 3/16 to only ¼ by the close.

Interest in **Chinese bonds** was negligible and most quotations reacted further with 5 per cent 1912 closing two points off at £18.

Business in Traded options picked up and 1,036 trades were transacted. **RTZ** were in demand and attracted 222 deals.

After an early mark down, the major clearers picked up as buyers began to nibble at the lower levels; closing levels were a few pence firmer on balance. Elsewhere, **Grindlays** remained friendless at 154p, down 8, and **Standard Chartered** relinquished 4 to 670p. Discount Houses were undecided; **Cater Ryder** lost 8 to 350p but **Alexanders** edged forward 3 to 260p. Small selling and lack of support took its toll on merchant banks. **Hambros** declined 5 to 580p and **Hill Samuel**, 143p, and **Kleinwort Benson**, 238p, cheapened 4 apiece. In Hire Purchases, **FNFC** eased to 24½p on the sharply lower profits before closing unaltered at 25½p.

Insurance life issues perked up on Press comment. **Equity and Law** and **Hambro Life** improved 4 to 288p and 292p respectively, while **Legal and General** hardened 3 to 190p.

Adverse Press comment prompted further falls in Breweries. Although a reasonable two-way trade was transacted at the lower levels, the leaders still ended with falls to 6. **Whitbread** gave up that amount to 141p, while **Bass** dipped 3 to 198p. Among dull regional issues, **Wolverhampton and Dudley** shed 10 for a two-day fall of 14 at 174p, while **Davenports** remained unsettled by chairman's warning on current trading and closed 3 cheaper at 97p.

Profit-taking in Bakers

Leading Buildings were subdued. **Blue Circle** drifted off to close 4 cheaper at 330p, while **Tarmac** softened a couple of pence to 242p and **BPB** shed 3 to 214p. Occasional selling clipped 4 from **Redland**, 155p. Among Timbers, **Magnet and Southerns**, interim results next Wednesday, eased 2 more to 106p, while **Phoenix**, the subject of considerable bid speculation of late, lost a like amount at 115p. Elsewhere, **North Midland Construction** firmed 4 to 36p in response to the good preliminary results, but **SGB** shed 8 to 120p on selling in a thin market.

After opening around 4 cheaper on Wall Street influences, **ICI** picked up on the appearance of buyers to close unchanged on balance at 312p. Recently dull on the company's decision to restructure its fertiliser division, which will result in 1,100 redundancies. **Fisons** picked up 4 to 185p. The satisfactory preliminary results and maintained dividend helped **Hickson and Welch** to add 5 to 145p.

Leading Stores passed another quiet session, but closed at the day's best. **Raybeck** held at 53p ahead of today's half-timer. **Bakers Household** met profit-taking and at 100p, lost 6 of the previous day's gain of 11 which followed the results and proposed scrip issue. **Stead and Simpson**, down to 39p in immediate response to the lower interim earnings, rallied to finish at 42p, a net gain of a penny. **Cornell Dresses** added a couple of pence to 65p, but **Polly Peck** shed 4 at 159p; the latter's offer for Cornell has been declared unconditional.

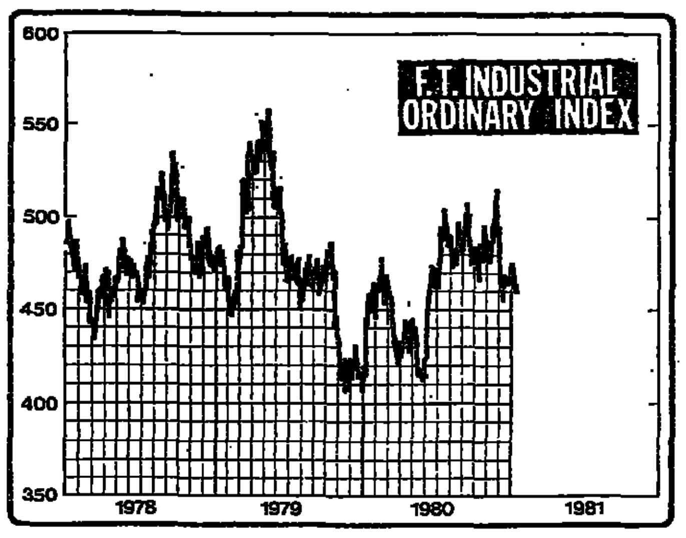
Unsettled of late by the possibility of cut-backs in planned defence spending, leading Electricals staged a modest rally yesterday. Awaiting today's interim results, **Thorn EMI** recovered 5 to 307p. Elsewhere, **Electronic Rentals** rose to 97p in response to the increased interim profits before finishing a net 3 up at 92p. **STC**, however, fell 10 to 428p and **Philips Lamps** declined 11 to 297p, while similar falls were seen in **Electrocomponents**, 680p, **United Scientific**, 303p, and **Unitech**, 274p. **Farnell** shed 7 to 360p and **Automated Security** 6 to 327p.

ML Holdings became a prominent casualty in Engineerings, falling 20 to 250p on the surprise postponement of today's scheduled announcement of the interim figures. **Jones and Shipman**, 54p, and **Westland**, 132p, lost 6 and 7 respectively. **Jenks and Cattell** hardened 2 more to 72p on renewed speculative support and **Birmingham Pallet** rose 3 to 28p for a similar reason.

Foods closed above the worst in places as selling subsided and cheap buyers appeared. **J. Sainsbury** were finally 5 off at 380p, after 375p, and **Associated Dairies** only 2 cheaper on balance at 194p, after 192p. **Tate and Lyle** slipped to 128p before reverting to 132p. Outside the leaders, recent high-flyers **Somportex**, 470p, and **Avana**, 230p, shed 5 and 3 respectively on profit-taking, but **Hazlewoods** put on 6 to 122p on new-time interest.

Leading Hotels and Caterers encountered fresh offerings. **Grand Metropolitan**, annual results next Thursday, shedding 2 for a two-day fall of 7 to 145p and **Trusthouse Forte** losing 7 to 185p.

Adverse comment brought fresh selling pressure to bear on **ICL** which fell to 59p before closing a net 7 down at 61p.



English China Clays, on the other hand, rose 5 to 89p, after 90p, in response to the much-better-than-expected preliminary profits. **R. H. Cole** rose 8 to 63p on the sale of the data products division of its Electronics subsidiary for over £1m cash. Speculative buying helped **J. Bibby** to advance 10 to 232p, while **Portals**, which announced an £8¾m rights issue on Tuesday, gained 8 afresh to 388p. **Avon Rubber** gave up 3 to 84p following the chairman's reference to short-time working in his annual report. Falls of 10 and 20 respectively were seen in **BTR**, 358p, and **De La Rue**, 755p.

A rising market recently in anticipation of good preliminary results .**Pleasurama** gave ground on the announcement to close 7 off at 187p. Elsewhere in the Leisure sector, **Glasgow Pavillion** put on 6 to 58p

Pearson Longman remained unsettled by a broker's bearish circular and fell 5 more to 159p, but **Associated Newspapers**, down to 233p earlier, ended unchanged at 238p; the latter announces annual results today. Support was noted for **News International**, 5 dearer at 108p, but **International Thomson** slipped 9 to 300p. Elsewhere, **John Waddington** fell 6 to 94p following the interim statement which contained a warning of a loss for the year.

Oils improve

Decidedly dull on Wednesday on Wall Street influences, leading Oils steadied and, aided by a certain amout of bear-closing and firmer U.S. advices in after hours' dealings, recovered all of the previous day's losses. **British Petroleum** closed 12 dearer at 408p and **Shell** 8 better at 454p. **Lasmo**, at 712p, recovered 12 of the previous day's fall of 20, while **Burmah** hardened 5 to 189p. **Sovereign** picked up 13 to 398p, while **Marinex**, still responding to favourable Press comment, put on 7 for a two-day gain of 26 to 148p.

Overseas Traders were generally dull, falls of 3 being common to **Lonrho**, 94p, and **Gill and Duffus**, 174p. **Jamaica Sugar** on the other hand, continued to attract an active trade and touched 22½p before ending unchanged on the day at 21p; Mr. Nicholas De Savary has acquired 49 per cent of the shares at 15p each and will make an offer for the remainder as soon as possible.

Golds under pressure

Stockjobbers **Akroyd and Smithers** shed 7 to 336p in the wake of the annual report.

Textiles passed a slightly more active session than of late. New-time buying lifted **Tern-Consulate** 7 to 56p, but news of an annual deficit and reduced final dividend clipped a couple of pence from **Sidlaw**, 101p. **Radley Fashion** fell to 25p on the announcement of a full-year loss and passed dividend, but the shares rallied strongly level to close a net penny to the good at 30p.

South African Golds sustained another sharp setback in the wake of heavy overnight selling in the U.S. and the further decline in the bullion price. The latter closed $2.5 easier at $575 an ounce.

The overnight American selling prompted jobbers to mark down prices at the outset. Thereafter, persistent light offerings kept prices on the downward path for the rest of the day although closing quotations were a fraction above the day's lows, mostly reflecting modest bear closing.

The Gold Mines index registered a fall of 13.2 to 391.7—its lowest since September 1 last year.

Among the heavyweights, **Randfontein** dropped £3⅜ to £35⅝, **Hartebeest** £2¼ to £30¾ and **Free State Geduld** £1½ to £23⅞. **West Driefontein** lost £1½ to £37 ahead of the December quarter results along with those of the other mines in the Gold Fields group.

In the medium and lower-priced issues, **Doornfontein** gave up 55 more to 970p, **Welkom** 31 to 817p and **Western Areas** 35 to 354p.

Financials lost ground in line with Golds. **De Beers** fell 8 to 400p in front of the uninspiring world diamond sales figure for 1980.

London Financials were easier but generally closed above the day's lows. Falls of 5 were common to **Charter**, 200p, and **Gold Fields**, 495p, but **RTZ** rallied from 403p to close only a penny cheaper on balance at 408p.

In a weak Platinums sector, **Rustenburg** closed 22 down at 240p and **Impala** 15 off at 350p.

Heavy losses in overnight domestic markets coupled with end-account selling in London left Australians showing widespread and sometimes substantial losses.

Of the leaders, **Bougainville** dropped 10 to 88p, **North Broken Hill** 11 to 185p and **CRA** 8 to 290p.

In Golds, **North Kalgurli** gave up 5 to 75p, **Whim Creek** 10 to 62p, and **Otter Exploration** 6 to 62p.

FINANCIAL TIMES STOCK INDICES

	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31	A year ago
Government Secs.	68.55	68.85	69.02	68.83	68.77	68.68	65.83
Fixed Interest	70.45	70.61	70.70	70.64	70.54	70.44	66.46
Industrial Ord.	458.3	460.2	467.6	472.9	475.3	474.5	430.8
Gold Mines	391.7	404.9	421.1	410.2	405.8	407.6	280.5
Ord. Div. Yield	7.76	7.77	7.59	7.54	7.48	7.51	7.56
Earnings, Yld.%(full)	17.38	17.39	16.99	16.87	16.76	16.80	18.82
P/E Ratio (net) (*)	7.06	7.05	7.22	7.27	7.32	7.30	6.54
Total Bargains	20,776	20,276	20,212	17,584	9,131	13,774	19,399
Equity turnover £m.	—	106.46	95.21	70.09	32.63	48.47	101.76
Equity bargains total	—	15,629	15,447	13,646	6,674	9,740	14,537

10 am 455.1. 11 am 455.1. Noon 455.4. 1 pm 456.5.
2 pm 456.9. 3 pm 457.1.
Latest Index 01-246 8026.
*Nil=6.51.
Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil't'n High	Since Compil't'n Low
Govt. Secs.	72.64 (21/7)	65.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.9 (21/11)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	265.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 8	Jan. 7
—Daily		
Gilt Edged	119.3	114.6
Industrials	86.5	90.6
Speculative	30.0	25.8
Totals	65.7	66.0
5-day Avrge.		
Gilt Edged	106.2	96.3
Industrials	75.0	69.5
Speculative	23.1	21.6
Totals	56.6	51.2

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (17)

BRITISH FUNDS (1)
Treas. 9¼pc 1981

AMERICANS (4)
Abbott Labs. First Chicago
Cont. Illinois Richardson Merrell

BANKS (1)
Arbuthnot Latham

BUILDINGS (1)
Burnett Hallamshire

ELECTRICALS (4)
Baker Elect. Muirhead
Berec [illegible]

HOTELS (1)
Brent Walker

INSURANCE (1)
Talsho Marine

NEWSPAPERS (1)
News Int. Sp. Div.

SHIPPING (1)
Reardon Smith

TEXTILES (1)
Hollas Group

TRUSTS (1)
Jos Holdings

INDUSTRIALS (14)
Dunhill (Alfred) Kleen-E-Ze
Erskine House Magnolia
Gripperrods Myson Group
Hargreaves Nu-Swift
Holt Lloyd Int. Rolfe & Nolan
Howard Tenens R.F.D. Group
ICL Sytone

LEISURE (1)
Tom Hill

MOTORS (2)
Cowie (T.) E.R.F.

NEWSPAPERS (6)
[illegible]

NEW LOWS (52)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	7	20	35
Industrials	95	444	851
Financial and Prop.	33	275	186
Oils	15	30	23
Plantations	3	2	19
Mines	11	109	42
Others	12	94	41
Totals	183	1,057	1,209

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
GEC	25p	7	590	+ 2	620	326
ICL	25p	7	61	− 7	196	59
BP	25p	6	408	+12	502	320
Eng. China Clays	25p	6	89	+ 5	112	74
HK & Shanghai Banking	$HK2.50	6	183	− 5	191	101
Shell Transport	25p	6	454	+ 8	522	314
Allied Breweries	25p	5	63	—	89	62½
Bowater	£1	5	176	− 1	214	141
Crystalate	5p	5	67	− 2	71½	35
Grand Met.	50p	5	145	− 2	167	120
ICI	£1	5	312	—	402	308
Plessey	50p	5	257	+ 2	285	108
Premier Cons.	5p	5	104	—	127	36
Racal Electronics	25p	5	311	− 2	370	175
Royal Insurance "New"	Nil/pd.	5	19pm	− 1	31pm	16pm

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 6	Jan. 16	Apr. 3	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26

For rate indications see end of Share Information Service

Call options were arranged in Hampton Trust, Charterhall, Oil Search, Howard Tenens, Bond Corp., Raglan Property, May and Hassell, Duple, Thomas Borthwick, British Sugar, Davy Corp., Associated Communications, UDT, Courtaulds, Comfort Hotels, Target Petroleum and Chinese 5 per cent 1913. A put was taken out in Gussies A, but no doubles were reported.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −
[illegible]							

[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Jan. 8, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Jan. 7 Index No.	Tues., Jan. 6 Index No.	Mon., Jan. 5 Index No.	Fri., Jan. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	279.77	−0.6	15.29	5.89	7.98	281.53	286.24	289.02	289.91	217.56
2	Building Materials (27)	240.01	−1.0	19.33	7.19	6.17	242.39	245.98	246.82	246.56	200.39
3	Contracting, Construction (26)	403.39	−0.4	22.55	6.28	5.32	405.07	404.67	405.69	405.19	319.38
4	Electricals (27)	923.60	−0.3	9.90	2.85	12.55	926.48	951.89	963.50	972.22	567.20
5	Engineering Contractors (11)	388.01	−1.3	15.37	6.67	8.30	393.31	394.49	399.31	398.32	281.44
6	Mechanical Engineering (71)	168.01	−0.9	17.84	7.92	6.96	169.61	170.74	172.52	172.64	153.40
8	Metals and Metal Forming (13)	133.57	−0.8	22.21	12.84	5.70	134.64	136.12	137.60	138.18	149.19
9	Motors (21)	90.28	−0.3	22.67	9.35	5.11	90.54	91.20	92.48	92.22	105.41
10	Other Industrial Materials (15)	283.18	−0.8	15.96	7.53	7.47	285.53	289.84	292.51	291.05	0.00
21	CONSUMER GROUP (199)	233.66	−0.7	16.28	6.71	7.47	235.33	238.11	239.47	239.29	211.67
22	Brewers and Distillers (20)	250.33	−1.5	18.30	7.20	6.51	254.27	260.38	263.64	264.09	256.49
25	Food Manufacturing (23)	208.31	−0.6	18.92	7.56	6.28	209.65	211.40	211.61	211.58	193.84
26	Food Retailing (14)	475.57	−1.3	9.86	3.26	12.00	481.79	484.90	486.44	471.30	302.42
27	Health and Household Products (7)	252.04	−0.9	10.52	5.66	11.31	254.27	261.05	262.89	264.75	203.95
29	Leisure (22)	339.25	−0.4	16.20	6.57	7.75	340.67	345.12	349.52	351.48	288.11
32	Newspapers, Publishing (12)	423.32	−0.6	23.06	6.93	5.67	425.98	425.61	427.43	426.37	399.67
33	Packaging and Paper (15)	111.55	−0.7	28.95	10.92	4.00	112.35	113.35	113.24	114.57	115.12
34	Stores (44)	245.81	−0.1	12.14	5.12	10.78	246.08	247.25	248.29	248.60	204.28
35	Textiles (21)	124.13	−0.2	20.74	10.89	6.30	124.41	124.70	125.30	125.17	128.09
36	Tobaccos (3)	195.48	−1.0	29.36	11.91	3.88	197.53	200.20	200.69	199.71	207.92
39	Other Consumer (18)	235.77	−0.6	15.64	8.45	8.24	237.29	236.99	237.77	238.08	0.00
41	OTHER GROUPS (78)	214.22	−0.4	18.61	7.98	6.41	215.11	217.55	219.37	220.58	191.95
42	Chemicals (15)	288.39	—	20.43	9.22	5.72	288.34	292.67	296.26	299.29	286.74
44	Office Equipment (6)	98.61	+0.5	20.85	8.43	5.61	98.17	99.91	100.57	101.58	104.89
45	Shipping and Transport (12)	532.69	−0.6	14.39	7.06	8.51	535.94	537.42	537.00	536.88	411.53
46	Miscellaneous (45)	259.56	−1.1	17.25	6.59	7.14	262.45	264.62	266.52	266.60	222.97
49	INDUSTRIAL GROUP (488)	247.72	−0.6	16.26	6.60	7.47	249.31	252.67	254.57	254.96	214.30
51	Oils (12)	900.17	+2.3	26.58	5.84	4.17	879.66	900.22	909.61	923.71	680.76
59	500 SHARE INDEX	299.30	—	18.70	6.42	6.30	299.18	303.89	306.38	307.84	251.30
61	FINANCIAL GROUP (118)	230.82	−0.2	—	5.80	—	231.29	234.19	235.89	236.74	181.11
62	Banks (6)	240.49	+0.3	42.54	7.09	2.82	239.87	245.01	249.68	249.46	210.59
63	Discount Houses (10)	294.02	−0.1	—	5.85	—	294.43	295.06	293.11	291.90	219.83
64	Hire Purchase (5)	194.82	−0.5	12.48	5.37	10.81	195.73	196.76	197.62	197.62	167.39
65	Insurance (Life) (10)	223.40	+0.3	—	5.90	—	222.74	224.23	228.25	230.69	153.11
66	Insurance (Composite) (9)	145.42	+0.4	—	8.05	—	144.77	147.02	146.96	148.75	121.41
67	Insurance Brokers (9)	311.23	−0.8	14.80	7.44	9.25	313.70	318.44	318.31	319.51	277.08
68	Merchant Banks (13)	146.54	−1.4	—	5.28	—	148.70	148.75	148.80	148.72	89.16
69	Property (45)	440.12	−0.8	3.35	2.79	41.62	443.71	448.42	449.82	450.76	323.68
70	Miscellaneous (11)	169.88	−0.8	15.93	5.84	7.98	171.26	171.55	171.47	170.41	122.64
71	Investment Trusts (109)	280.98	−1.2	—	5.36	—	284.42	284.10	283.29	282.02	195.37
81	Mining Finance (3)	222.42	−0.8	14.75	6.03	8.08	224.20	229.61	227.96	228.46	172.82
91	Overseas Traders (20)	425.05	−0.9	11.87	6.91	10.21	428.70	432.13	432.60	430.79	338.81
99	ALL-SHARE INDEX (750)	285.75	−0.1	—	6.24	—	286.11	290.16	292.11	293.19	233.56

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 8	Day's change %	Wed., Jan. 7	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.43	−0.05	107.48	—	0.00
2	5-15 years	109.18	−0.53	109.77	—	0.00
3	Over 15 years	113.06	−0.62	113.77	—	0.00
4	Irredeemables	126.13	−0.67	126.99	—	0.00
5	All stocks	109.59	−0.41	110.05	—	0.00

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Thurs., Jan. 8	Wed., Jan. 7	Year ago (approx.)
1	Low Coupons	5 years	11.98	11.91	12.31
2		15 years	12.98	12.92	12.43
3		25 years	11.98	11.91	12.53
4	Medium Coupons	5 years	13.52	13.45	14.47
5		15 years	13.95	13.85	14.22
6		25 years	13.66	13.57	14.14
7	High Coupons	5 years	13.56	13.49	14.92
8		15 years	14.17	14.06	14.75
9		25 years	13.90	13.80	14.35
10	Irredeemables		11.64	11.55	11.93

		Thur., Jan. 8 Index No.	Thur., Jan. 8 Yield %	Wed. Jan. 7	Tues. Jan. 6	Mon. Jan. 5	Friday Jan. 2	Wed. Dec. 31	Tues. Dec. 30	Mon. Dec. 29	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.08	†14.22	52.13	52.15	52.13	52.08	52.09	52.96	52.97	49.26
16	Investment Trust Prefs. (15)	50.98	13.17	50.98	50.98	50.98	50.98	50.99	51.35	51.35	46.49
17	Coml. and Indl. Prefs. (20)	67.74	13.29	67.74	67.68	67.71	67.71	67.71	67.99	67.95	61.32

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

FT-Interzins	DM37.26	40.72	+0.12	—
Frankft. Effekt. Fd.	DM50.77	53.44	−0.31	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.

NAV Nov. 28	US$152.93			—

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	US$1.78	1.83xd	+0.04	1.19
Anchor Gilt Edge	£9.09	9.15xd	−0.06	13.88
Anchor Int. Fd.	US$8.69	8.92xd	+0.04	1.18
Anchor In. Jsy. Tst.	39.8	42.4		2.83
Berry Pac Fd.	US$59.90		+2.03	0.92
Berry Pac Strlg.	£3.11	3.2552	+10.4	1.28
G.T. Asia Fd.	HK$20.27		+0.95	1.23
G.T. Asia Sterling	£25.56	26.61	+1.08	1.56
G.T. Australia Fd.	A$40.60	43.11xd		0.68
G.T. Bond Fund	US$12.56		−0.12	10.35
G.T. Dollar Fd.	US$13.95			1.08
G.T. Dlr. (Strlg.) Fd.	14.51	15.11		1.03
G.T. Invest. Fd.	US$17.47		−0.19	0.57
G.T. Japan Small Cos.	US$15.90			
Marianne (STG) Fd.	£10.71	11.30	−0.24	3.22
G.T. Technology Fd.	US$23.78			—
G.T. Pacific Fd.	US$15.92		+0.29	2.20
G.T. Asean Growth Fd.	US$10.23	10.99		0.48

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534 73741

Gilt Fund (Jersey)	91.0	96.0		12.75

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong

Australian Tst.	US$17.28	18.375	+1.96	—
HK & Pac. U. Tst.	HK$7.189	7.734	+0.89	2.60
Japan Fd.	US$22.08	23.740		0.60
N. American Tst.	US$24.787	26.626	+2.163	1.00
Intl. Bond Fund	US$11.408	12.028		9.30

Gartmore Fund Managers (IoM) (a)
P.O. Box 32, Douglas, IoM. 0624 23911

Gartmore Intl. Inc.	21.7	23.1		13.48
Gartmore Intl. Grth.	138.9	147.8		0.50

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.

Sterling Managed Fd.	£300.70			—

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.

Intl. Fund	$19.98	20.74		10.10

Prices at Dec. 17. Next dealing Jan. 29.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Far East Jan. 7	HK$24.16	25.45		—
Japan Fund Jan. 2	US$9.82	10.31		—

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	57.9	62.3	.....	2.33
Abbey Capital	43.4	46.8	.....	5.32
Abbey General	53.8	58.2	.....	5.27
Abbey Gilt & F.I. Tst.	104.9	110.4	.....	11.87
Abbey Income	31.9	34.5	.....	10.17
Abbey W'Wide Bd Tst.	91.6	96.9	.....	6.91
Abbey Inv. Tst. Fd.	49.1	53.1	.....	4.78
Equitas Prog. Tst.	77.0	83.2	.....	5.18

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	87.6	92.2	-0.6	13.02

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459.

Balanced Funds				
Allied 1st	83.9	89.8	-1.2	6.43
Brit. Inds. Fund	71.7	76.7	-1.1	6.06
Growth & Income	46.9	50.2	-0.6	5.58
Elect. & Ind. Dev.	41.5	44.4	-0.5	5.63
Allied Capital	90.3	96.6	-1.3	4.55
Hambro Fund	123.4	132.0	-1.6	6.55
Hambro Acc. Fund	170.9	182.9	-2.3	4.98
Income Funds				
High Yield Fd.	61.4	65.7	-0.5	9.51
High Income	74.0	79.2	-0.7	8.02
A. H. Eq. Inc.	43.2	46.2	-0.5	7.92
Govt. Secs.	25.0	25.7	-0.1	12.18
International Funds				
International	34.3	36.7	-0.4	2.70
Pacific Fund	62.8	67.2	+0.1	1.82
Secs. Of America	69.3	74.1	-1.3	2.16
Specialist Funds				
Smaller Co.'s Fd.	52.2	55.8	-0.4	4.66

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.2	37.4	-0.4	12.03
North American	58.9	63.7	-2.2	2.70
Canadian Exempt*	64.5	68.2	.....	3.43
Canadian Trust	64.4	69.6	-1.3	2.56
Mid Mount High Inc.*	47.3	50.1	.....	9.65
Recovery	54.0	58.9	-0.4	7.32
Gilt Trust	42.5	44.5	-0.2	13.00

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.5	41.5	-1.9	0.90
Cres. Internat'l.	73.9	79.4	-0.7	1.80
Cres. High. Dist.	39.9	43.0	-0.5	11.34
Cres. Reserves	47.8	51.6	-0.8	5.57
Cres. Tokyo	29.2	31.5	+0.4	0.99

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.5	.....	9.97

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 23	216.7	231.2	.....	5.72

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.2	.....	8.75
Gt. Winchester O'seas	25.8	28.4	.....	3.90

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	-3.0	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	85.6	90.1	-0.8	4.78

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	31.9	34.5	-0.9	0.82
Ameri-Spec.Sits. (z)	23.7	25.9	-1.2	0.92
Gilt + Fixed Int.	24.5	25.8	-0.1	12.51
Growth + Income	29.2	31.5	-0.3	7.87
Maximum Inc. Eq. Tst.	24.5	26.4	-0.3	9.72

INSURANCE PROPERTY BONDS

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	239.8	.....	—
Property Fund (A)	235.6	.....	
Agricultural Fund	917.0	..	—
Agric. Fund (A)	900.8	.	—
Abbey Nat. Fund	191.0	.	—
Abbey Nat. Fd. (A)	190.5	.	—
Investment Fund	92.5	...	—
Investment Fund (A)	91.4	...	—
Equity Fund	254.5	-2.9	—
Equity Fund (A)	251.4	-2.9	—
Money Fund	170.7	.	—
Money Fund (A)	166.7	.....	—
Actuarial Fund	146.1	.	—
Gilt-edged Fund	148.0	-0.7	—
Gilt-Edged Fd. (A)	145.0	-0.7	—
♦Retire Annuity	268.9	...	—
♦Immed. Ann'ty	172.0	...	—
International Fd.	138.2	-0.4	—

Prop. Growth Pensions & Annuities Ltd.

All Weather Ac. Uts	168.1	177.0	.....	—
♦Inv. Fd. Uts		205.3	...	—
Pension Fd. Uts		179.7	...	—
Conv. Pens. Fd.		199.2		—
Cnv. Pns. Cap. Ut		164.3		—
Man. Pens. Fd.		196.7		—
Man. Pens. Cap. Ut.		167.7		—
Prop. Pens. Fd.		200.3		—
Prop. Pens Cap. Uts		167.3		—
Bldg. Soc. Pen. Ut.		178.3		—
Bldg. Soc. Cap. Ut.		150.7	.	—
Gilts Pens. Fd.		114.8	.	—
Gilts Pens. Fd. Cap.		111.1	.	—
Equity Pens. Fd.		130.9	...	—
Equity Pens. Fd. Cap.		126.3	...	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Sel. Mkt. Fd. Std.	155.1	163.7	.....	—
Pension Equity	171.0	176.2	...	—
Pension Fxd. Int.	151.4	156.0	...	—
Deposit Fd. Acc.	58.8	62.0	.....	—
Ind Pens Dep Fd.Acc.	48.6	51.2	...	—
Equity Fd. Acc.	60.9	64.2	...	—
Ind Pens.Eq Fd Acc.	49.5	52.2	...	—
Fxd. Int. Acc.	57.0	60.1	...	—
Ind.Pens.Fxd.Int.Acc.	47.9	50.4	...	—
Intnl. Acc.	50.4	53.1	...	—
Ind.Pens Intnl.Acc.	52.8	55.6	...	—
Managed Fd. Acc.	57.1	60.2	.....	—
Ind.Pens.Man Fd.Acc.	49.3	52.0	...	—
Property Fd. Acc.	77.7	81.9	...	—
Ind.Pens.Prop.Fd.Acc.	48.7	51.3	...	—

For prices of Capital Units ring 01-749 9111

Tyndall Assurance/Pensions(a)(b)(c)
18, Canynge Road, Bristol. 0272 32241

3-Way	155.6	155.6	+0.4	—
Do. Pens.	196.0	196.0		—
Equity		195.8	+1.0	—
Bond		187.1	-0.6	—
Property		156.0	-0.1	—
Overseas Inv.		103.7	+0.7	—
UK Inv.		172.5	-0.6	—
Deposit		156.4	+0.2	—
Mn. Pen. 3-W	328.2	328.2	...	—
Equity Pen.	347.0	347.0	.....	—
Bond Pen.	214.2	214.2	.....	—
Prop. Pen.	134.6	134.6	...	—
Dep. Pen.	179.8	179.8	.....	—

Vanbrugh Life Assurance
41-43 Maddox St., Lon. W1R 9LA. 01-499 4923

Managed Fd.	189.1	199.2	-1.5	—
Equity Fd.	313.1	329.6	-5.0	—
Intnl. Fd.	120.6	127.0	-1.3	—
Fixed Int. Fd.	185.6	195.4	-1.0	—
Prop. Fd.	204.3	215.1	...	—
Cash Fd.	146.0	153.7	...	—

Vanbrugh Pensions Limited
41-43, Maddox St., Lon., W1R 9LA 01-499 4923

Managed	138.9	146.3	...	—
Equity	159.0	167.4	...	—
Fixed Interest	127.7	134.5	..	—
Property	137.5	144.8	.....	—
Guaranteed		13.00	...	—

Welfare Insurance Co. Ltd.
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.	128.3	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	96.3	101.3	.....	—
Accum. Pen. Units	144.0	151.5	...	—
Flex. Inv. Growth	127.5	134.2	.....	—
Future Assd Growth	32.0(a)	52.0(b)	.....	—
Ret. Ass'd Pen.		£33.36	.....	—

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

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92½	82¼	Aust. 5½pc '81-82	92½	+¼	6.04	13.63
85¼	72½	Do. 6pc 1981-83	84	-¼	7.20	13.04
67¾	58	N.Z. 7¼pc 1988-92	64	......	11.55	13.53
82¾	72	Do. 7½pc '83-86	78¼	......	9.64	15.36
96¾	88	Sth. Africa 9½pc '79-81	96¾	+¼	10.00	16.11
160	95	S. Rhod. 2½pc Non-Ass.	116	+1	—	—
49	31	Do. 3½pc 80-85 Asstd.	45	......	8.10	25.80
32	20½	Do. 4½pc 87-92 Asstd.	27xd	......	16.66	22.80
346	270	Zimbabwe Ann (£100pa)	346	+5	—	26.41

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

14	770p	Incoll	870p	-25	$US72c	—	3.4
565p	425p	Inl. Nat. Gas $1	488p	-15	$1.00	—	7.2
495p	145p	Massey Ferg.II	170p	......	—	—	—
200p	47p	Place Gas $1	113p	-4	—	—	—
14⅞	10½	Rio Algom	12½	-⅛	$1.50	—	4.2
•21¼	14¼	Royal Bk.Can. $2	21¼	-½	$2.72	—	4.5
27½	15⅞	Seagram Co. C$1	25	-¼	US$1.40	—	2.3
13⅝	890p	Tor. Dom. Bk. $1	12xd	-⅛	$1.52	—	4.4
10½	750p	Trans Can. Pipe	810p	......	$1.16	—	5.0

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Copper

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180	78½	Anglo-Dominion	150	-1	—	—	—
97	43	Barymin	50	-5	—	—	—
17	12	Burma Mines 10p	15½	.....	0.62	1.1	5.8
445	53	Colby Res. Corp.	300	-12	—	—	—
502	240	Cons. Murch. 10c.	250	.....	Q30c	1.8	6.9
180	80	††Hemerdon 10c.	85	.....	—	—	—
225	36	Highwood Res.	170	+5	—	—	—
585	325	Northgate C$1	360	-10	—	—	—
*486	322	R.T.Z.	458	-1	16.0	3.2	5.6
£115	£100	[illegible]	£100½	-1	Q9½%	—	f9.6
138	91	††SPO Minerals 10p	130	-4	—	—	—
58	26	Sabina Inds. C$1.	40	-2	—	—	—
51	31	††SWCM 10p	33	-1	—	—	—
650	411	Tara Exptn. $1	540	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ♆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ●● Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	39	.....	**IRISH**		
Bertam	13	.....	Conv. 9% '80/82	£93½	.....
Bdg'wtr. Est. 50p	515	.....	Nat. 9¾% 84/89	£74⅝xd	.....
Craig & Rose £1	£11¼	.....	Fin. 13% 97/02	£85¾	-⅛
Fife Forge	39	.....	Alliance Gas	45	.....
Finlay Pkg. 5p	21	.....	Arnott	220	.....
Graig Ship. £1	£20	.....	Carroll (P.J.)	80xd	.....
Higsons Brew	67	.....	Concrete Prods.	83	.....
Holt (Jos) 25p	315	.....	Heiton (Hldgs.)	38	.....
I.O.M. Stm. £1	165	.....	Ins. Corp.	320	.....
Pearce (C. H.)	635	.....	Irish Ropes	33xd	.....
Peel Mills	60	.....	Jacob	54	.....
Sheff. Refrshmt	100	+8	T.M.G.	25	.....
Sindall (Wm.)	135	.....	Unidare	82	.....

OPTIONS

3-month Call Rates

Industrials		I.C.I.	28	Utd. Drapery	6½
A. Brew	7	"Imps"	7½	Vickers	15
BOC Intl.	9	I.C.L.	16	Woolworths	5½
B.S.R.	6½	Inveresk	3		
Babcock	12	Ladbroke	24	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	2
Beecham	15	Lex Service	10	Cap. Counties	11
Blue Circle	30	Lloyds Bank	26	Land Secs.	35
Boots	20	"Lofs"	4	MEPC	20
Bowaters	22	London Brick	6	Peachey	17
B.A.T	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	8	"Mams"	18	Town & City	3
Burton	10	Mrks. & Spncr.	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6½	N.E.I.	7	Brit. Petroleum	50
Debenhams	8	Nat. West. Bank	32	Burmah Oil	30
Distillers	17	P & O Dfd.	12	Charterhall	13
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	24	Racal Elect.	35	Premier	14
F.N.F.C.	4	R.H.M.	4	Shell	45
Gen. Accident	32	Rank Org.	15	Tricentrol	40
Gen. Electric	50	Reed Intnl.	18	Ultramar	50
Glaxo	22	Sears	5		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	45	Thorn	28		
Guardian	32	Trust Houses	18	Charter Cons.	30
G.K.N.	16	Tube Invest.	21	Cons. Gold	55
Hawker Sidd.	20	Unilever	50	Lonrho	10
House of Fraser	15	U.D.T.	5	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

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FINANCIAL TIMES
Friday January 9 1981

Royal Commission wants wider police powers

BY ROBIN PAULEY

WIDE-RANGING extensions of police powers of arrest, search and detention—and a few outright victories for the civil liberties lobby—are the main features of the Royal Commission on Criminal Procedure which published its recommendations yesterday after three years of work.

The main proposals are:

A Crown Prosecutor's Office in each police area to take over the job of prosecuting in court from the police.

Extended police powers to stop people and vehicles and search suspects in the street for weapons or stolen property.

An end to formal committal proceedings before trial.

The right of a senior police official (instead of a magistrate) to authorise entry and search of premises "in urgent cases."

Telephone tapping to require a magistrate's authorisation.

Introduction of tape-recording of statements or summaries of statements.

The victory of the civil rights lobby and its supporters is the recommendation that suspects and defendants should retain their absolute right to silence both in police detention and during their trial. There was a strong lobby urging that this right be removed, at least in court, and the civil liberty groups have fought hard to resist such a move.

Inevitably the composition *of the 16-member commission* ranging from former police officers to magistrates, sociologists and trade union members, has resulted in compromises between the liberal and law and order lobbies.

So the law and order lobby won on wider police powers for search and arrest and on allowing *investigation of complaints* against the police to remain within the police force rather than being handed over to an independent body.

A substantial failing in the commission's terms of reference was that it was tied to the existing framework of criminal procedure. *This left* it with no alternative but to accept Britain's "accusatorial" *system and it could not* even consider other systems.

The Government yesterday welcomed the report which is likely to start a long public debate. It is doubtful whether legislation on such a controversial and complex issue would be introduced until after the next General Election.

Royal Commission plans, Page 7; Editorical comment, Page 16

Port Talbot redundancy plan agreed

By Alan Pike

PLANT representatives at the British Steel Corporation's Port Talbot works, where the workforce was cut by about half last year, yesterday agreed to a further 700 redundancies under the corporation's new survival plan.

The Port Talbot agreement ahead of the ballot of BSC workers is the first plant decision in favour of the drive by Mr. Ian MacGregor, BSC chairman, to achieve productivity improvements under his corporate plan. It gives him an *important boost in the propaganda war* now raging between the corporation and the largest *steel union, the Iron and Steel* Trades Confederation, for the loyalty of steelworkers.

Mr. MacGregor has told workers they must support the survival plan in the ballot which closes next week if he is to justify further government financial aid for the corporation. In a rival ballot the ISTC executive is urging its 70,000 BSC members to reject the plan, *which involves 20,000 redundancies* this year.

Llanwern

The agreement reached at *Port Talbot yesterday provides* for the plant to produce 1.7m liquid tonnes of steel per year, *compared with 1.4m produced* now, with 700 fewer workers. This latest round of redun*dancies comes on top of a* manning reduction from around 12,580 to 5,750 which is now *nearing completion. Most of* the 700 further redundancies will take place by March.

Talks are also in progress at Llanwern, the other South Wales integrated steelworks, on a *smaller number of additional* redundancies. Llanwern is already a very tightly manned works, but *shop stewards* at both South Wales plants have evidently taken seriously Mr. *MacGregor's warning that if his* survival plan fails there will be still more closures and job *losses. At this stage it is probable* that at least one of the South Wales plants would close *if the survival plan failed.*

Teesside

Mr. MacGregor and his colleagues will be heartened to note that ISTC respresentatives at Port Talbot have endorsed yesterday's agreement in spite of their union's national opposition to it. The Welsh agreement contrasts with the position on Teesside, where local officials have broken off talks with BSC pending next week's ballot result.

Mr. Bill Sirs, ISTC general secretary, said yesterday that early returns in the union's ballot suggest a majority of members are opposing the corporate plan, although they are more evenly divided on a demand from Mr. MacGregor *that this winter's pay settlement* must be deferred until July. However, there has been only a *low return so far.*

Seamen plan programme of widespread disruption

BY PAULINE CLARK, LABOUR STAFF

PLANS FOR industrial action which will fall little short of a national strike by British seamen from next Monday are to be formulated in detail at a special meeting in London *today of seamen's leaders from* ports throughout the country.

The National Union of Seamen said "shipowners should be in no doubt" that major disruption of British shipping would go ahead unless employers agree to independent arbitration on their pay dispute.

Seamen in Aberdeen, Lerwick, Montrose and Dundee yesterday refused to sail a total 29 ships in their 48-hour strike which will end today with more mass meetings in Scottish ports to decide strategy for further industrial action from Monday.

The stoppage in Aberdeen prevented oil rig supply vessels leaving the port. A dockers' strike there over a separate pay dispute is already preventing supplies reaching the Shetland and Orkney Islands.

Mr. Jim Slater, general secretary of the NUS, yesterday called for today's full conference of union branch secretaries and chairman of port committees in spite of hopes that fresh talks will take place with employers today under the umbrella of the Advisory, Conciliation and Arbitration *Service.*

Officials of ACAS spent much of yesterday in informal talks *with the union and with the* General Council of British Shipping to explore prospects for conciliation. This followed five hours of meetings at ACAS on Wednesday night when employers and union leaders failed to bridge their differences.

The employers claim that the union's full demand would equal about a 20 per cent rise, though the union reckons the increase would be substantially lower.

The union, which has rejected a 10.5 per cent offer after a ballot, yesterday prepared instructions for industrial action to be transmitted to all British seamen at sea.

It plans to stop all sailings *of British ships from UK ports* next Monday and to stage selective strikes on British ships in *foreign ports, concentrating on* 14 shipping companies which the union claims are taking a hard line in the pay dispute.

Dover seamen plan to stop all cross-Channel sailings from the port for 24 hours from Sunday *night as part of the national* plan to intensify lightning strikes on ferries and ships on coastal and short sea routes.

Mr. Slater said yesterday the major sticking point in the dispute was the union's demand for improved overtime rates to discourage shipowners from forcing seamen to work excessive hours which he says average 64 to 70 hours a week.

*The union is asking for over*time rates of time and a half instead of the present time and *a quarter* to bring seamen's rates in line with those of other major industries.

Shipowners' negotiators, who have warned that the effects of next week's planned industrial *action could be "catastrophic"* to British shipping trade and to jobs, say they cannot afford *to increase their offer* without seriously affecting their competitive position with foreign *companies.*

$3 rise for North Sea oil likely

By Ray Dafter, Energy Editor

NORTH SEA oil prices are likely to rise by $3 a barrel *today. British National Oil Cor*poration, which handles over half the UK's North Sea output, *is expected* to tell customers that the increase will be backdated to January 1.

International oil companies expect confirmation of Kuwait's latest price increase. Unconfirmed industry reports yesterday suggested that Kuwait might add $4 a barrel to its reference crude, $1 more than expected.

The Organisation of Petroleum-Exporting Countries recently set a ceiling price of $36 a barrel for Middle East oil, *similar* to Saudi Arabia's Arab Light crude. Kuwait's main grade of crude, slightly heavier than Arab Light, will cost $35.50 a barrel if the $4 rise is confirmed.

North Sea producers seem to be adopting a more moderate pricing stance. A $3 rise will take the price of the high-quality Forties reference crude to $39.25.

The rise would be in line with the increases set by Algeria and Nigeria, but $1 less than Libya's.

The increase will add about £2m a day to gross UK oil industry revenues. Mr. David Howell, Energy Secretary, said in Bahrain that UK production was running at 1.6m barrels a day.

Petrol prices are expected to rise by about 5p a gallon if refiners spread higher crude costs across all products.

Tartan field, Page 6

Buyer for all Times titles may be announced soon by Thomson

BY CHRISTIAN TYLER, LABOUR EDITOR

A HINT that the Thomson Organisation may be close to securing a purchaser for The Times, its three supplements and the Sunday Times came last night.

Print unions at Times Newspapers were told that all potential buyers were making their bids conditional on new manning and technology agreements with the unions.

The union general secretaries were asked by Mr. Gordon Brunton, chief executive of Thomson British Holdings, to let him know within seven days how they wished to approach negotiations on those with an eventual firm bidder.

He said that the company was "hopeful" of naming a purchaser for all the titles by the end of the month. This purchaser would, he said, be acceptable to the national directors of The Times, to editorial executives and to the unions and their members, as well as to the Thomson Organisation.

The bidders want to reduce manning on the papers and to introduce computer typesetting. This seems to mean that they would accept *the kind of deal* that Times Newspapers was working on with the craft union, *the National Graphical Associa*tion, when it announced that it woud sell the titles and the outline agreement was put on ice.

Mr. Brunton said that negotiations with the unions and their chapels at Times Newspapers should take only two or three weeks from the time the buyer was named.

If agreement could not be reached in that time, permitting the successful bid to become unconditional, Thomson would try to *sell* the papers *individually.*

Failure to agree before the *dates set for final publication* of the papers in March would mean that publication would *cease, and the titles and assets* be sold to interested parties not as going concerns.

Weather

UK TODAY

RAIN in places with wintry showers in northern areas and temperatures mostly near normal.

Southern England, London, E. Midlands, E. Anglia, S.W. England, Channel Isles

Cloudy with rain in places, becoming clearer and drier later. Max. 9C (48F).

Northern and E. England, W. Midlands

Cloudy with rain, becoming mostly dry with sunny intervals. Max 7C (45F).

N.W. England, N. Wales, Lakes

Bright intervals and showers, wintry on hills. Wind fresh or strong. Max. 7C (45F).

N.E. England, Borders, S. Scotland, N. Ireland

Scattered showers, wintry at times. Bright intervals but fresh or strong North-West winds. Max. 6C (43F).

N. Scotland, Orkney, Shetland

Wintry showers and bright intervals. Winds fresh or strong. Max. 5C (41F).

Outlook: Rain, preceded by sleet or snow in North. Night frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	4	39	L. Ang.†	C	12	54
Algiers	C	10	50	Luxmbg.	C	−2	28
Amsdm.	R	2	36	Luxor	S	20	68
Athens	C	6	43	Madrid	S	7	45
Bahrain	S	21	70	Majorca	C	10	50
Barclna.	S	10	50	Malaga	S	15	59
Beirut	S	18	64	Malta	R	5	41
Belfast	C	9	48	M'chstr.	C	8	46
Belgrd.	Sn	−6	21	Melbne.	F	35	95
Berlin	C	−7	19	Miami†	C	16	61
Biarritz	S	5	41	Milan	S	3	37
Bmghm.	C	9	48	Montrl.†	F	−21	−6
Blackpl.	C	8	46	Moscow	S	−14	7
Bordx.	C	5	41	Munich	Sn	−8	18
Boulgn.	Fg	4	39	Nairobi	S	26	79
Bristol	C	9	48	Naples	F	1	34
Brussels	Sn	2	36	Nassau		—	—
Budpst.	S	−4	25	Nwcstl.	C	10	50
Cairo	F	18	64	N. York†	F	−12	10
Cardiff	C	9	49	Nice	S	6	46
Cas b'ca	S	17	63	Nicosia	F	16	61
Cape T.	S	24	75	Oporto	S	12	54
Chicg.†	C	−14	7	Oslo	C	−5	23
Cologne	C	0	32	Paris	C	3	37
Cpnhgn.	Sn	−2	28	Perth	S	28	82
Corfu	R	4	39	Prague	S	−8	18
Denver†	F	−1	30	Reykjvk.	C	1	34
Dublin	C	10	50	Rhodes	F	16	61
Dbrvnk.	C	0	32	Rio J'o†		—	—
Ednbgh.	C	10	50	Rome	S	2	36
Faro	S	14	57	Salzbrg.	S	−6	21
Florence	C	1	34	S. F'cisc†	C	7	45
Frankft.	C	−2	28	Singapr.	C	29	84
Funchal	C	17	63	S'tiago†		—	—
Geneva	S	−2	28	Stckhm.	Sn	−5	23
Gibraltar	F	15	59	Strasbg.	F	0	32
Glasgow	R	9	48	Sydney	F	24	75
G'rnsey	C	9	48	Tangier	S	17	63
Helsinki	Sn	−3	27	Tehran		—	—
H. Kong	F	19	66	Tel Aviv		—	—
Innsbrk.	F	−4	25	Tenerife	S	16	61
Invrnss.	F	11	52	Tokyo	S	10	50
I o Man	C	10	50	Toronto†	S	−23	−9
Istanbul		—	—	Tunis	Sn	0	32
Jersey	C	9	48	Valencia	S	12	54
Jo'burg		—	—	Venice	S	2	36
L. Plms.	F	20	68	Vienna	S	−5	23
Lisbon	S	11	52	Warsaw	Sn	−9	16
Locarno	S	3	37	Zurich	S	−7	19
London	C	9	48				

C—Cloudy. F—Fair. Fg—Fog. Hl—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Rank chairman will retire in 1982

BY GUY DE JONQUIERES

MR. HARRY SMITH, who succeeded Sir John Davis as chairman of the Rank Organisation less than four years ago after a bitter boardroom battle, *is to retire in April 1982 when* he reaches 65.

He is to be succeeded by Mr. Russell Evans, group managing director. Mr. Evans was formerly a close colleague *of Sir John and one of the few* survivors of the row which led to his departure.

The announcement comes two weeks before Rank is due to present its results for the year ended October 31. City analysts *expect these to be below the* previous year's pre-tax profits of £131.2m, because of a poorer *performance* by some of Rank's non-Xerox activities.

The group also announced *two new operating divisions.* One, *Hotels and Holidays,* will be headed by Mr. Robert Butlin, and the other, Film and Televi*sion Services,* will be headed by Mr. J. Daly.

Mr. Harry Smith will remain on the board as deputy chairman after April 1982. Mr. Evans will be succeeded as group managing director by Mr. Brian Smith, director in charge of industrial and consumer *products.*

Anglo-Irish rift strains EEC

BY JOHN WYLES IN BRUSSELS

RELATIONS between several members of the new European Commission look likely to be severely strained following a bruising encounter between the British and Irish Commissioners over the allocation of jobs for the next four years.

A tactical slip robbed the new Commission president M. Gatson Thorn, of the calm shareout of portfolios he had been seeking. He sparked instead a bitter and *protracted confrontation* between Mr. Christopher Tugendhat of the UK and Ireland's Mr. Michael O'Kennedy.

By the time the issue was settled in the early hours of yesterday morning, several commissioners were seething at an intervention by Mrs. Margaret *Thatcher.* Britain's Prime Minister, which flouted the Commission's independence of the *Community's* Ten member governments.

In a telephone call which M. Thorn *is said to have* accepted only with reluctance, Mrs. Thatcher is believed to have stressed her extreme displeasure at an attempt by M. Thorn to delegate some of his own responsibilities to Mr. O'Kennedy which would have touched on Mr. Tugendhat's *portfolio.*

Without consulting Mr. Tugendhat, M. Thorn earlier *suggested that the former Irish* Finance Minister should have a role in administering the Commission's work on key proposals to restructure the EEC budget.

This is of crucial interest to the UK and budget commissioner Mr. Tugendhat had envisaged a central role for himself in this exercise. For several hours he demanded a written definition of Mr. O'Kennedy's tasks which would *make it clear he would* not encroach on any other commissioner's portfolio.

Surrounded by bemused and increasingly angry colleagues, Mr. O'Kennedy fought a fruit*less rearguard* action and was eventually driven to accept a restricted role. This nominates him as the "president's delegate" who, according to M. Thorn, will help "when the president is short of time and overburdened with work."

Although Mr. O'Kennedy put *on a brave face yesterday and* claimed he had won the central role in the commission's work that he wanted, he looks to be the major loser in the job shareout.

By contrast, Mr. Ivor Richard's acquisition of the social affairs portfolio was wel*comed yesterday with surpris*ing warmth by Labour members of the European Parliament. Mrs. Barbara Castle, who favours withdrawal from the EEC, greeted the arrival of "a British socialist in the commission" who would fight for the devotion of more resources to the social problems of the European people.

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Bank

public and private individuals from the Kingdom of Saudi Arabia, has a 10 per cent stake.

Mr. John Whitney, executive *vice-president* at Bank of Montreal, said yesterday that his bank's "arrangements" with IRFB "will ensure that depositors and creditors are fully protected."

In its balance-sheet as of the end of December, 1979 the International Resources and Finance Bank reported assets of $237m, with shareholders' funds of $20m. It sustained losses of $14m in 1978, and achieved a *small profit of $121,587 in 1979.*

One insight into IRFB's position came from Mr. Whitney, who said that Bank of Montreal shared "the disappointment that this bank has not grown to the proportions anticipated when it was launched."

He added that the bank had been doing more business through London, where it has more than 50 staff, than through the head office in Luxembourg, where its staff numbers only 11.

THE LEX COLUMN

Computing ICL's cash drain

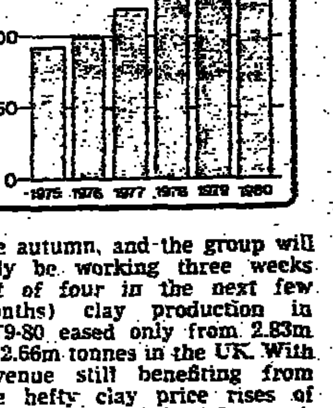
Cash has been pouring out of ICL. The accounts show that net debt has risen by £44.4m over the year, and when credits for exports are included the increase comes to £64.8m. Add on the unconsolidated financing offshoot Computer Leasing's extra debt (for which ICL is the effective guarantor) and the outflow must have been little short of £100m. For a company with net worth of £141.4m, this rate of outflow cannot be sustained for long.

Largely to blame has been a £57.6m jump in working capital, compared with rises of £7.4m and £10.1m in the two previous years. The slump in orders in the second half caught the company by surprise, and it ended the year with its stocks of unsold (mainly new) machinery up nearly a third at £82.1m. The downturn has also *forced it to* be markedly more generous over customers' credit terms, *with debtors less creditors* up from £3.4m to £21.5m.

A 28 per cent drop in equipment on *rental to customers* underlines the scale of the transfer of business into the off-*balance sheet leasing companies.* Only this switch (which produces more profits in the first *year) together with a change* in the treatment of depreciation has prevented the second half *profit of £4.6m turning into a* loss. With business currently deteriorating further, a first-*half loss in the* current year seems inevitable.

In the current year the com*pany will have to pay for the* closure of Winsford and other redundancies, which may cost about £15m. *Even with some* moderation in the rate of increase of working capital, the company will be under very great pressure to modify its strategy of chasing volume at the expense of margins. Meanwhile, the proposed increase in the authorised share capital suggests *that the search for a* concern to take an equity stake in the company goes on. The stock market, which marked down the shares a further 7p yesterday to 61p, is clearly sceptical of any relief in this direction.

Index fell 0.9 to 459.3



English China Clays

Nervous writing down of *projections* for English China Clays recently by the analysts turns out to have been unnecessary, for the group has pushed up pre-tax profits from £33.1m to £40.5m for the year to September. Whatever may have been happening since the year-end (production has dropped by about an eighth in the autumn, and the group will only be working three weeks *out of four in the next few* months) clay production in 1979-80 eased only from 2.83m to 2.66m tonnes in the UK. With revenue still benefiting from the hefty clay price rises of January 1980, ECC had enough momentum to hold on to most of the first half upsurge which partly reflected recovery from the bad weather of early 1979. A good performance by the quarries division was an important factor.

All the same, second half profits eased some 5 per cent despite a favourable shift in the product mix towards speciality clays. In some lines, ECC has got ahead of the competition on price, a position the strength of sterling has plainly not helped. This is reflected in the modesty of the 1981 clay price rises, ranging between 6 and 9 per cent.

So the question is what is meant by the warning that current year prospects are "somewhat less good." Outside clay, the quarrying business is said to be holding up well, while holiday bookings are good so far and the building side will benefit from the absence of last year's redundancy costs.

In the clay division, the Government's short time working subsidy will at least help cushion the adjustment to lower volume. But if the export recession lasts beyond the spring and into the normally more buoyant second half the decline in profits could be considerable. However, the shares rose 5p to 89p on the results yesterday, and on a higher dividend the yield is 10 per cent.

Electronic Rentals

Electronic Rentals has more or less held the fort in the six months to September. The rise in pre-tax profit from £5.5m *to £7.4m* owes much to the absence of last year's exceptional item — rationalisation costs of British Relay—which more than offsets the increased interest charge.

A 10 per cent price increase in April, the first since 1977, allowed the UK rental division, which accounts for 85 per cent of profits, to recoup some of its higher costs, while the depreciation charge is flattening out. But *margins in the rental business* are coming under increasing pressure from rising costs and sluggish volume. The group's camping and leisure interests have turned round by £1m into loss, and it would not be surprising to see some disposals here.

Debt is marginally down at the halfway stage, but the company remains very highly geared (net debt was more than 150 per cent of shareholders' funds in the last balance sheet) as a result of the British Relay acquisition. Because ER is faced with the prospect of heavy expenditure on video cassette recorders there is no chance of an increased dividend this year.

The purchasing policy on VCRs may throw ER's relationship with its major shareholder Philips back into the melting pot. So far it has marketed Philips' VCRs, but if it becomes clear that consumers prefer the Japanese models ER will be faced with an embarrassing choice. Philips for its part is probably not keen to proceed beyond arm-twisting to making a full bid. At the moment the shares stand at 92p, around three times annual cash flow, and yield 6.8 per cent, much the same as Thorn-EMI, which reports today.

Rank Organisation

There is no immediate connection between the Rank Organisation management reshuffle announced yesterday and the preliminary results for 1979-80 due in less than a fortnight. But these are likely to show that the efforts since the departure of Sir John Davis to improve the performance of the non-Xerox businesses have been disappointing. In 1975-76 non-Xerox pre-tax profits were some £18.5m; brokers Scott Goff expect the latest outturn to fall slightly short of this, and there has been a £85m rights issue in the meantime. A string of loss-making businesses ranging from TV manufacture to film production has been closed down in the past year, but firefighting apart the group's strategy remains unclear. The board changes do not bring in any new blood.

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